

THE UGANDA TOBACCO TAXATION COALITION (UTTC) TAX POLICY

PROPOSALS TO THE GOVERNMENT OF UGANDA

Date: September 10, 2024

Policy Title: Excise Duty Act of 2014 (As amended)

Proposed Action: Revision to Existing Policy

1.0 INTRODUCTION

1.1 About Us

Uganda Tobacco Taxation Coalition (UTTC) is a coalition of Civil Society Organizations with a common goal of fighting against the ever-increasing burden of Non-Communicable Diseases occasioned by Tobacco by advocating for tobacco taxation. Membership to the coalition include; Uganda Health Consumers/Users Organisation (UNHCO), Centre for Tobacco Control Africa (CTCA), Uganda Cancer Society, Uganda Alcohol Policy Alliance (UAPA), Way Forward Youth Africa (WFYA), United Nations Association of Uganda (UNAU), and Uganda Health Communication Alliance (UHCA).

UTTC is currently running a campaign aimed at promoting FCTC compliant tobacco tax policy and structure that sustainably contributes to reduction of tobacco use in Uganda.

2.0 POLICY ACTIONS

2.1 Specific review action required: Amend Part 1 of Schedule 2 of the Excise Duty Act of 2014 (As amended by Sect 2 of the Excise

Duty (amendment) Act 2017) – Provision on Taxation of Cigarettes.

2.2 Rationale for revised policy: To harmonise the administration of this tax by raising tax base and to enhance compliance with the WHO frameworks on tobacco control.

2.3 Implementing agencies: Uganda Revenue Authority, Ministry of Finance, Planning and Economic Development, and Ministry of Trade, Industry and Cooperatives, and related Agencies.

2.4 Scope of the policy: The policy applies to the following groups, among others: consumers of tobacco and tobacco products, users of tobacco, traders, manufacturers, regulators, enforcers, and policy actors.

2.5 Detailed Notes on the subject matter

This is explained in the table below

Issues	Observations	Implications (gains or losses)	Recommendation/policy options
<p>Part 1 of schedule 2 of the Excise Duty Act of 2014 (As amended by Sect 2 of the Excise Duty (amendment) Act 2017)</p> <p>Taxation of cigarettes</p>	<ul style="list-style-type: none"> Since 2017 to date, there has not been any increase in taxes on cigarettes. While the 2017 Excise Duty Amendment to that of 2014 subdivided soft cap cigarettes into locally manufactured and imported brands and provided different tax categories of UGX 55000 per 1000 and 75000 respectively: hinge lid 	<ul style="list-style-type: none"> This is contrary to the Ministry of Finance Domestic revenue mobilization strategy of 2019 which promoted the Addis Ababa agenda for financing for development of 2015 that encourages governments to impose taxes on tobacco products that are known to stagnate progress. 	<p>Increase excise duty taxes on both hinge lid and soft cap.</p> <p>- Hinge lid from the current UGX 80,000 to 160,000 per 1000 cigarettes while soft cap from its current of UGX 55,000 to 110,000 per 1000 cigarettes.</p> <p>This will translate to 42% of at least 70% of the WHO recommendation of the portion of the excise duty of retail price for the cigarettes. This will also</p>

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	<p>received different tax treatment of UGX 80000 per 1000 cigarette sticks for locally manufactured and the imported UGX 100000.</p>	<ul style="list-style-type: none"> ● According to the URA Annual Tax performance Report FY22/23, URA failed to realize their revenue collection target on cigarettes. ● The Amendment then and now is redundant because URA has not reported an increase in revenue collection from imported soft cap and hinge lid from countries outside the EAC after the judgement. ● This is not in the spirit of SDGs, Government Vision 2040 ● The total Health cost in Uganda is that every one Dollar from tobacco in form of taxes, Uganda spends USD 4 to manage tobacco induced diseases (CTCA 2017), with 6270 tobacco attributable deaths per year (Global Burden of Disease 2021¹) 	<p>be a gain in Government revenue collections from the current UGX 19.54 Billion during the FY 2022/2023 to UGX 39.08 Billion.</p>

¹ GBD 2019 Tobacco Collaborators. Spatial, temporal, and demographic patterns in prevalence of smoking tobacco use and attributable disease burden in 204 countries and territories, 1990–2019: a systematic analysis from the Global Burden of Disease Study 2019. Lancet (London, England). 2021 Jun 6;397(10292):2337.

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		<ul style="list-style-type: none"><li data-bbox="915 347 1398 792">• This is contrary to the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) recommendations of progressive taxation of cigarettes to at least 70% of the retail price of cigarette. According to the Global Tobacco Industry Interference Index Report 2023, Uganda currently stands at 35% excise duty of the retail price of cigarettes	