

Smokers avoidance to pay cigarette taxes

[Science](#), [Social Science](#)



Smoker's Avoidance to Pay Cigarette Taxes

The paper suggests that the huge losses in revenue are because a large portion of smokers avoid paying tax. While this might be true, I don't think we can really blame the people from avoiding taxes.

First of all, there is a difference between tax evasion and tax avoidance. Tax evasion is illegal and must be punished. On the other hand, tax avoidance is legal and is but a natural tendency for all. For one is always inclined to choose to pay less tax.

When we say one evades tax, this means he does not pay the tax that he is legally required to pay. For example, a person purchases ten boxes of cigarettes in New York City. He is assessed, for example, 10 cents as tax for each box. Since he purchased ten boxes, he is supposed to pay a dollar for taxes. Now since he does not want to pay that much tax, he falsifies the receipts, erases the 0 to make it appear that he only bought 1 box, instead of 10. Then he only pays 10 cents. This is tax evasion. And it is illegal.

Tax avoidance on the other hand is when a person chooses legal means to pay less tax. For example, New York City charges 10 cents per box of cigarettes. However, in Austin, Texas, for example, the cigarette tax is only 1 cent per box. A person avoiding tax would rather buy cigarettes in Austin than in New York City. This is legal. He does not falsify anything. He does not under-declare amounts.

Now it is understandable that people avoid tax. People want to save money. They would look for places where they can buy things less expensively. That is but natural. And they could not be faulted for that. They cannot be blamed if they look for places who charges lower taxes and buy their cigarettes

there. And they cannot be blamed if they choose methods to limit the taxes they pay as long as they do it legally.

Now, with the problem of the city losing revenue, I think it can be addressed by formulating better regulatory policies. They could promote effective prevention of smuggling of cigarettes, limit mail-order purchases. They could also be stricter in enforcing licenses and they could punish unlicensed vendors and those that violate the law.

With respect to those who avoid tax by buying from out-of-state retailers, I don't think they can do anything about that. It would be too costly to put check points on state boundaries. If the cigarette is bought in another state within the US, it would be difficult to prevent it from entering another US state. This is also the same or people who buys cigarettes in duty free shops.

In sum, although I agree that there is a problem with the increasing amount of loss incurred by cities due to smoker's avoidance to pay cigarette taxes, I believe this is not their fault. Instead, the city must develop their laws and regulations. They must improve its enforcement.