

# Tobacco tax



Smoking has been a major public health problem to the society, and tobacco tax is always an effective means to cope with the problem. Tobacco tax is a duty on import cigarette. It is prepaid by the seller and included in the price, so it often goes unnoticed.

Tobacco duty is charged at specific rates per unit quantity according to the duty rates prescribed in the Schedule to the Dutiable Commodities Ordinance. According to the World Health Organization (WHO), price and tax measures are an effective means of reducing tobacco consumption, especially to the youth. It is analyzed by the World Bank, in some high income regions like Hong Kong, the demand on tobacco products drops 4% for every 10% increase on the price of each pack of cigarettes.

Therefore, in Hong Kong, the duty of cigarettes will be increased by HK\$0. 5 per stick in the coming year. And based on the adjustment of tobacco tax, the retail price will increase from average HK\$39 to HK\$49 in order to prevent smoking among the youth and encourage smoking cessation. The tax was proposed to rise in the 2009/10 Budget by 50%. And it is observed that the intention to quit after the increase of tobacco tax in 2009 was increased immediately.

According to the figures provided by Department of Health, the day after the announcement of the financial budget in 2009, the number of people called the smoking cessation hotline had sharply raised to 90 people compared to a daily average of 12 in 2008, which reflected the raise in price of the tobacco products by raising tobacco tax can effectively reduce and prevent citizen from smoking