

Waterpipe Tobacco Smoking Regulations & Challenges 6-7 November 2018 American University of Beirut

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Introduction

Egypt is the biggest country consuming tobacco products in the Arab region.

According to Egyptian laws, tobacco cultivation is prohibited.

So, All crude tobacco are imported.

Most of Tobacco Products like Cigarettes & Water pipe tobacco are locally manufactured.

WT Tax System in Egypt

- ☐ Before 8/9/2016 Egypt was applying Sales Tax on all industrial goods & specific services with general rate of 10% and specific rates for some goods as excise tax.
- ☐ All tobacco products were subjected to the sales tax even crude tobacco which is not industrial good.
- ☐ The tax rate for WT was 50% of producer price with a minimum of 16 EGP per net kilo of crude tobacco which is used in producing WT.

WT Tax System in Egypt

- □ For several years Egyptian MOF wasn't collecting tax on WT (as the 50% tax of producer price), because it is less than 16 EGP which is previously paid on crude tobacco at Customs.
- □ Starting from 1/7/2010 Tax rates was changed to be 100% of producer price instead of 50%.
- ☐ On 8/9/2016 Egypt applied VAT on all goods & services with general tax rate of 14%.

WT Tax System in Egypt

- ☐ All tobacco products aren't subjected to VAT but subjected to an excise tax.
- ☐ Excise tax on WT was increased from 100% in sales tax law to be 150% of producer price in VAT law.
- □ On 24/11/2017 excise tax on imported WT increased to be 175% instead of 150%.

Challenges

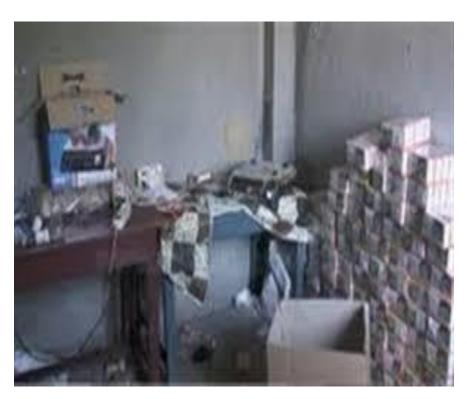
1. Ease of manufacturing (small factories – Cafes – home)





Challenges

2. Easy to imitate original products





Challenges

3. Non-compliance with product standards (Sawdust – Unknown leaves)



Actions taken

- 1. All importers aren't allowed to sell crude tobacco unless the purchaser is registered as tobacco manufacturer at Tax authority.
- 2. All importers of crude tobacco must declare by law to tax authority within 15 days of selling transaction these data:
 - a) Amount of each sales transaction.
 - b) Quantity of each sales transaction.
 - c) Purchasers data (Name Address Tax registration No.)

Actions taken

2. Egypt started to apply Track & Trace system in 2013 on all WT products (domestic – imported).



Actions taken

- 3. All exported WT products are subjected to be tested by taking 3 samples.
- 4. Conducting periodic and sudden inspections of manufacturing and trading warehouses.
- 5. Cooperation between related parties (Tax Authority Ministry of interior trade Ministry of Interior).

Thank You