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‘We buy 1,000 illicit fags a min to avoid tax’

· KUALA LUMPUR: Malaysia’s move to stub out tobacco use with higher levies has pushed smokers to the black market instead.

The Southeast Asian country has the world’s highest share of illegal tobacco sales at 59pc of its market, with 1,000 illicit cigarettes bought each minute, Oxford Economics said in a report.

That has cost the government 13.5 billion ringgit (\$3.3 billion) of revenue in unpaid taxes since Malaysia raised excise duties on cigarettes in 2015, according to the report. The finance ministry didn’t immediately respond to questions on the state revenue loss.

Malaysia has sought to curb smoking-related illnesses, such as cancer and cardiovascular diseases, which are the main causes of premature death in the country, according to the health ministry.

About 22.8pc of Malaysians aged 15 or older are smokers in 2015, a slight decline from 23.1pc in 2011.

BAT’s Malaysian unit has long campaigned against excise increases by warning that it would worsen the illegal tobacco trade, which the company said is a key reason for its shrinking sales volume.

Its revenue fell 3.2pc in 2018 on declining sales of cigarettes and contract manufacturing after it closed a factory near the capital Kuala Lumpur.

The company’s rival Japan Tobacco Inc. shuttered its Malaysian plant in 2017 and bought stakes in Indonesian and Philippine producers that same year.

The study commissioned by BAT showed about 598 million packs in Malaysia were illegal in 2018.