

AKHBAR : THE STAR

MUKA SURAT : 12

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'Smokers may turn to illicit cigs'

Dzulkefly: Use of contraband will increase if prices get too expensive

SMOKERS may turn to illicit cigarettes if cigarette prices go up to an unaffordable level, says Health Minister Datuk Seri Dr Dzulkefly Ahmad.

"In our assessment, we are not only looking at increasing duties on cigarettes, but also the effect of taxation on illicit cigarettes.

"The lower-income group will turn to illicit cigarettes if prices of cigarettes get too expensive," he said when replying to a supplementary question by Wong Chen (PH-Subang).

According to the previous Finance Ministry, we are losing up to 60% in revenue due to illicit cigarettes.

Datuk Seri Dr Dzulkefly Ahmad

He said the cost benefit analysis on raising cigarette prices must strike a balance between cigarette duties and its impact on a rise on the reliance on illicit cigarettes.

Wong wanted to know if the government would increase duties on cigarettes up to 75% per stick in line with the World Health Organization's taxation recommendation from the current 53% imposed by the government.

Dr Dzulkefly also said that the government was losing revenue of between 27% and 45% a year due to illicit cigarettes.

"According to the previous



Cause for concern: The government is losing revenue every year due to illicit cigarettes.

Finance Ministry, we are losing up to 60% in revenue due to illicit cigarettes," he added.

On the impact of cigarettes on the economy, Dr Dzulkefly said that WHO estimates that smoking results in the deaths of some 20,000 adult males in Malaysia a year.

He said a healthcare cost study done in 2007 revealed that the cost

of treating lung cancer, heart and pulmonary diseases amounted to RM2.92bil a year.

He added that 67.5% of that cost was borne by the government while 32.5% by the patients.

He said that it was inevitable that prices of cigarettes will continue to rise in the future as a means to curb the smoking habit.

"If tobacco use is not adequately controlled, it is estimated that the government would be burdened with healthcare expenses amounting to RM7.04bil by 2025," he added.

Dr Dzulkefly had announced that cigarette prices will go up by next month to curb smoking and in line with the recent implementation of the Sales and Service Tax.