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DoF: Govt willing to end cigarette industry

THE government is willing to terminate the cigarette industry and face revenue losses if that is what it takes to get more people to stop smoking, according to the Department of Finance (DoF). On the sidelines of the press briefing on sin taxes last Friday, Finance Secretary Carlos Dominguez 3rd said ending the sector was "what we want."

Health Secretary Francisco Duque 3rd (far left), Finance Secretary Carlos Dominguez 3rd (far right) and an unidentified woman pose with the "Yosi Kadiri" (Yucky Cigarette) mascot at the Department of Finance on May 17.PHOTO BY ENRIQUE AGCAOILI

He emphasized, however, that although revenues from cigarettes would fall, "it will never be zero revenue."

"What [we] want to do is to reduce consumption, because actually, the more you smoke, the less healthy you are. So actually if [people] smoke less, [fewer of them] will be requiring healthcare, right?" the Finance chief said.

"I was talking to a Singaporean [on Thursday], and he said, You know, your cigarettes here are very good, very cheap,' while in Singapore, P500 ang isang pack (Each pack of cigarettes cost P500 each). We should tax it that much," he added.

Dominguez's remarks came as he and Health Secretary Francisco Duque 3rd expressed their support for the passage of Sen. Emmanuel "Manny" Pacquiao's Senate Bill 1599, which aims to increase taxes on tobacco products to P60 a pack and by 9 percent annually thereafter in a bid to curb the number of smokers in the country, as well as raise duties on alcohol to P40 per liter.

The taxes collected will be used to fund the government's Universal Health Care program, which needs P258 billion in funds to be fully implemented by 2020.

Without the sin-tax hike, the government will be short of P63 billion, as it would only be able to raise P195 billion through its current sources of funding: the national budget, Philippine Amusement and Gaming Corp., and the Philippine Charity and Sweepstakes Office.

Without adjusting current sin taxes to at least the rates proposed by Pacquiao, Dominguez said the cumulative funding gap by 2024 would reach P426 billion.

On what would happen to tobacco farmers if the measure is enacted, Dominguez said: "If you are not producing a good product, you should not do it."

"You can plant corn [seeds], you can plant vegetables. I have [been to tobacco areas] and [they are] actually good land. It can be used for many other things — corn, sorghum, fruits, trees. Those are better products," he added.

Also, the government was considering taxing "heat-not-burn" cigarettes, which the Lucio Tan-led conglomerate LT Group Inc. plans to bring into the country.

According to Dominguez, he received on Thursday a letter from an undisclosed tobacco company for the importation of these cigarettes.

"We are in conversation with the DoH on how to handle this. There are several ways to handle this, and we are still figuring out exactly what would be the most appropriate way," he said.

"But definitely I think there will be regulation and taxation involved," the Finance chief added.