Tobacco tax: Kuwait

How does WHO recommend that tobacco is taxed, in general?[1]

To reduce the affordability of tobacco

This reduces consumption of tobacco and improves public health.

Domestic not customs

Customs taxes are eroded in trade agreements and thus do not provide long-term revenue.

Excise not general

Excise tax raises the price of the taxed good relative to all other goods, which discourages its consumption.

Specific not ad valorem

Specific tax leads to higher prices and a lower market share of cheap cigarettes. In an ad valorem system, a minimum specific tax should also be implemented to guarantee minimum price and revenue levels.

Uniform not differential

Uniform tax leads to larger reductions in smoking as there is less opportunity to switch between different tiers and types of tobacco products.

Comparable across all tobacco products

Similar levels of taxation across products reduce tobacco consumption, rather than simply leading to shifts in consumption between different tobacco products.

No duty-free allowances

Duty-free sales increase tobacco consumption due to lower prices of products, and reduce tax revenues.

Regularly increased

Regular tax increases in line with gross domestic product (GDP) ensure that the affordability and consumption of tobacco products reduce. Specific excise tax decreases in real value if it is not increased in line with inflation.

With tobacco tax revenue earmarked

Ideally, tobacco tax revenue should be earmarked for particular health spending purposes, for example on tobacco control strategies.

How has tobacco been taxed in Kuwait?[2]

Kuwait only levies an import duty on tobacco products.

The import duty is 100% of the cost, insurance and freight (CIF) value. There is also a minimum specific import duty of 8 Kuwaiti dinars per 1000 cigarettes, which has not increased in the last 10 years – despite other Gulf Cooperation Council (GCC) countries increasing minimum import duties.

The minimum import duty on waterpipe tobacco is 3 Kuwaiti dinars per kilogram.

Following the GCC 2016 agreement to implement excise taxes on tobacco, Kuwait will need to start implementing excise taxes in the near future.

What does WHO recommend as next steps for tobacco tax in Kuwait?

To reduce the affordability of tobacco

Tobacco – particularly waterpipe tobacco – is affordable in Kuwait, which encourages consumption.

Domestic not customs; excise not general; specific not ad valorem; and uniform not differential

A uniform specific excise tax should be implemented on all tobacco products and gradually increased, to move towards reliance on domestic tax to raise revenues.

Comparable across all tobacco products

When implemented, the excise tax should be extended to include all tobacco products in order to maximize the reduction in consumption.

No duty-free allowances

The duty-free sale of tobacco should be banned in Kuwait.

Regularly increased

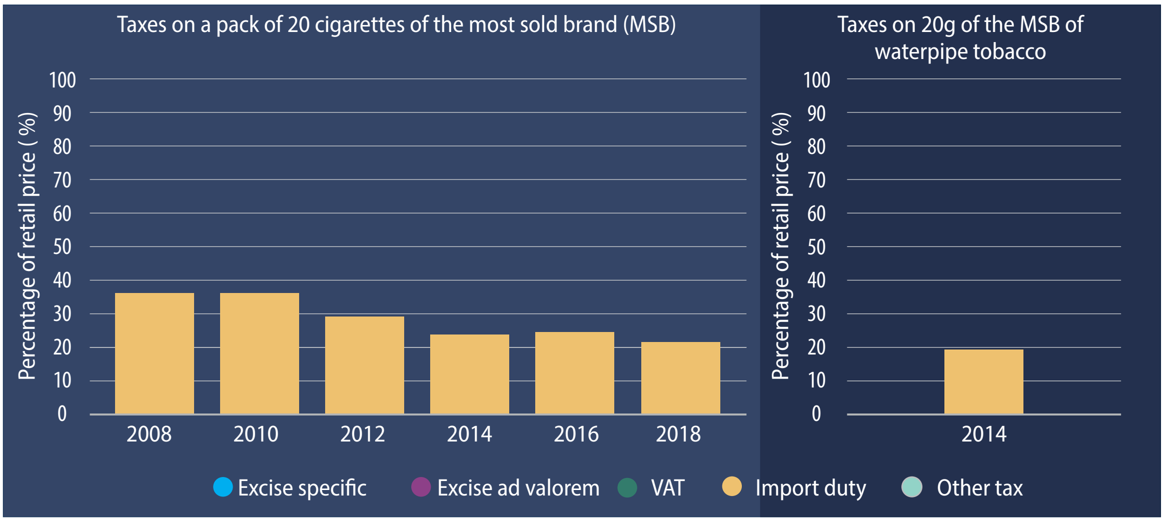
Tax should be adjusted at least in line with GDP growth in order to reduce the affordability of tobacco products.

With tobacco tax revenue earmarked

Ideally, Kuwait could begin by earmarking part of tobacco revenue for health or tobacco control.

World Health Organization
REGIONAL OFFICE FOR THE Eastern Mediterranean

Tobacco tax as percentage of retail price[2]

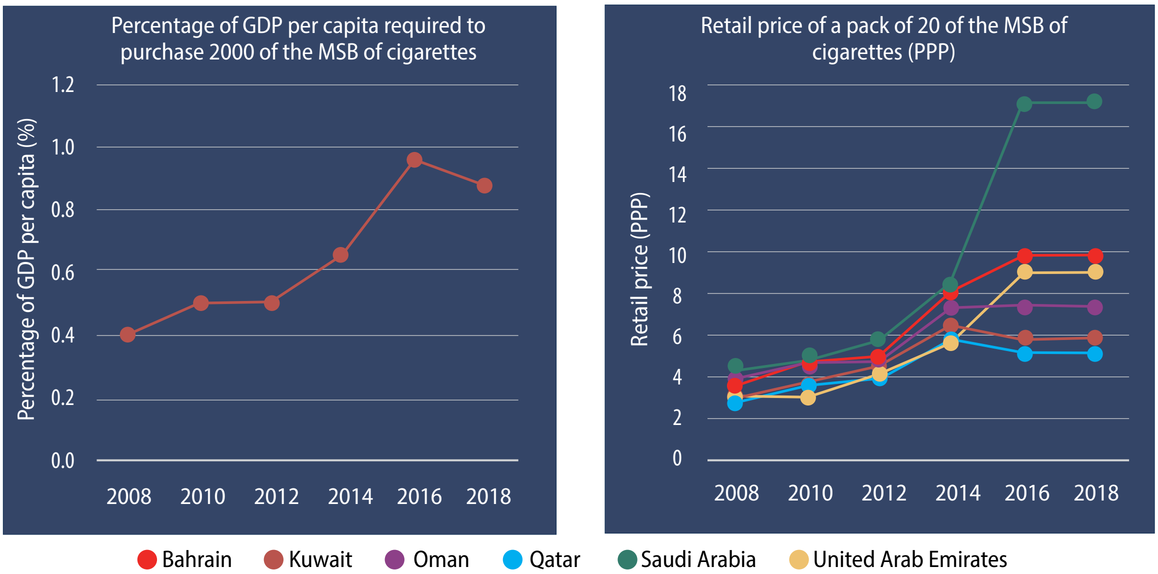


Although import duties have remained at a constant percentage of the producer price, they have accounted for a decreasing percentage of the retail price of the MSB of cigarettes. The tax share appears to be consistent across the MSBs of different tobacco products in Kuwait.

Price and affordability[2]

The MSB of cigarettes in Kuwait became less affordable between 2008 and 2016; however, the MSB has become more affordable since 2016.

The price of the MSB of cigarettes remains very cheap in Kuwait compared to neighbouring countries in the Region.



PPP: purchasing power parity.

[1] WHO technical manual on tobacco tax administration. Geneva: World Health Organization; 2010.
[2] WHO's series of reports on the global tobacco epidemic, 2009–2019. Geneva: World Health Organization; 2009–2019.

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