

Introduction of Excise Duties on Vaping

2022 Draft Taxation Laws Amendment Bill

PRESENTATION TO THE STANDING COMMITTEE ON FINANCE (NATIONAL ASSEMBLY)

Vaping market is a nascent market with more unknowns than knows



Excise needs to be collected from all “actors” equally to ensure fair competition and an equal playing field for all participants

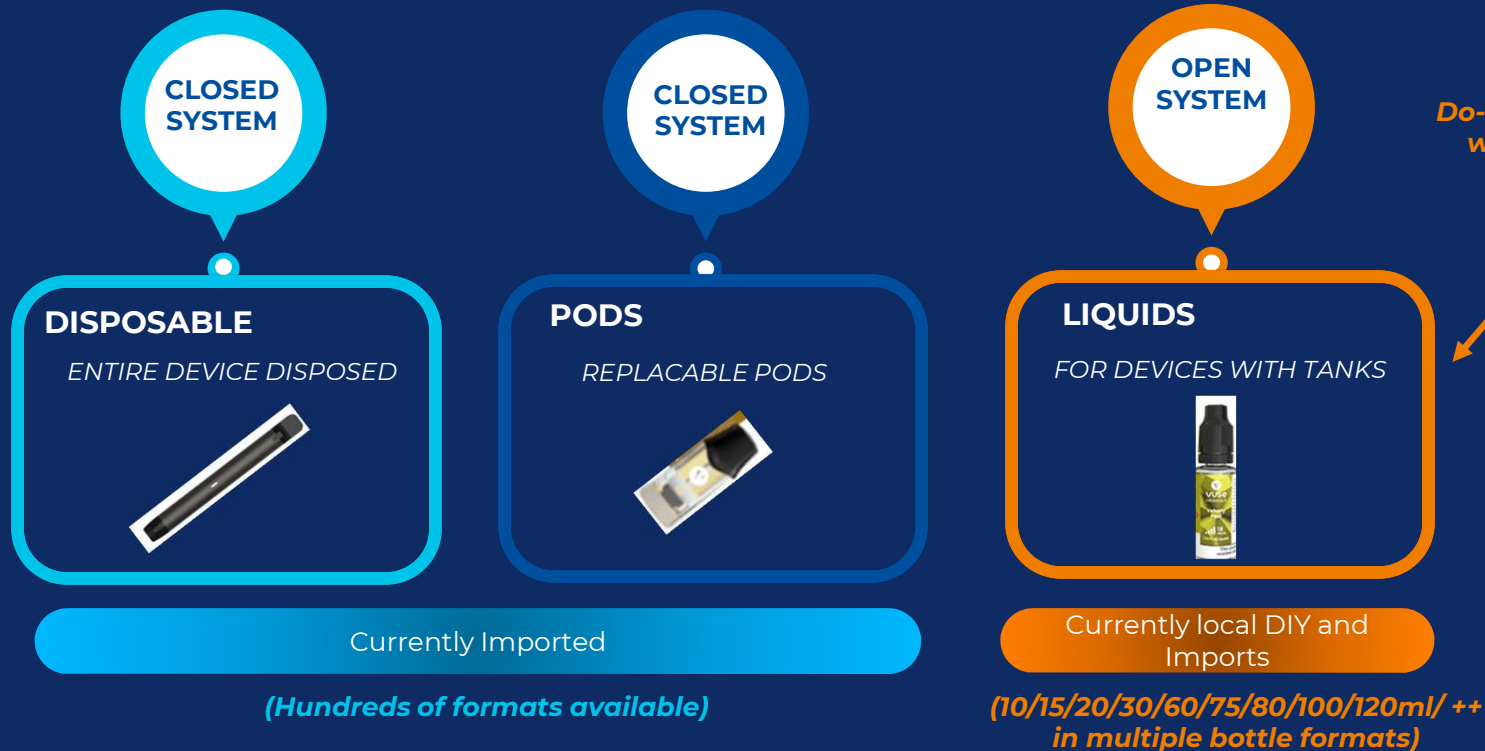
KEY CONSIDERATIONS:



- Per BATSA data, ENDS accounts for less than 0.5% of the entire Nicotine Products Market in SA
- There are approximately 10,000 sellers of ENDS products in SA
- Overproportioned amount of retailers creating their own liquids (Do It Yourself)
- Complex product categories driven by fragmentation, differing products and multiple actors
- Total consumption assumed no greater than 250 million ml per annum

EXCISE FRAMEWORK SHOULD RECOGNISE PRODUCT COMPLEXITIES AND MARKET FRAGMENTATION

MAIN PRODUCT TYPES



Five key points to ensure a robust excise system

A
registration system
must be
introduced with
the excise

Make
**ml labelling on
outer product
packaging**
mandatory

Implement a
**track-and-
trace system,**
with a
**Unique
Identity Code**
per individual
product, from
day one

**Avoid fiscal
evasion** by
creating the
broadest
possible tax
net

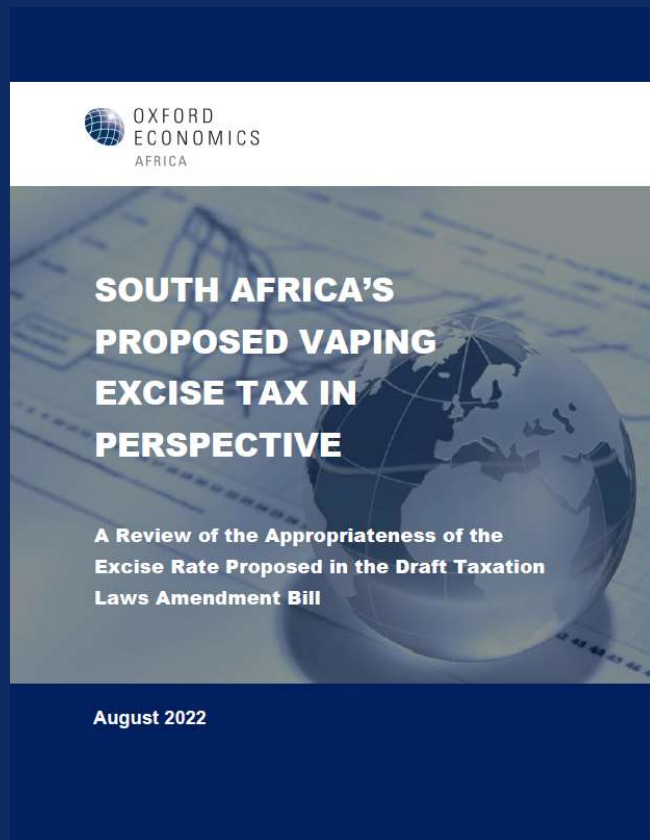
Extend the implementation date to
1 January 2024
to allow for necessary public consultation

We need a sensible approach to maximise revenue collection



Extremely strong excise collection framework

Economic analysis



*Taking a more holistic view of the findings highlighted in this report, it is clear that when simply considering e-liquid excise rates from an international perspective, **a rate of R1.45/ml should be seen as an upper limit in South Africa's case.***

*However, when also considering the implications of excise duties on product prices and affordability, an excise rate **closer to the lower quartile of R0.70/ml seems more appropriate.***

Thank you

