

New tax brings UAE's into era of fiduciary responsibility

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First Excise Tax, launched today, will also help curtail the effects of sugar and tobacco

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Today is the start of a new era for the UAE, one where the people of this country — its citizens and its residents — start to take fiduciary responsibility for many of the services once paid for by oil.

From today the Ministry of Finance has implemented an Excise Tax that will add 50 per cent to the price of carbonated beverages and 100 per cent to that of tobacco products and energy drinks. It is the first time a general tax has been collected in the country.

The immediate reason for the tax, according to a statement from the Ministry of Finance, is to curtail the consumption of harmful goods. Both sugar and tobacco are cheap in the UAE and both contribute significantly to the rise of diabetes and cancer and other long-term diseases that weigh heavily on the UAE's medical system, not to mention the devastation they impose on families. By some estimates, the Excise Tax could cut smoking by 40 per cent.

Some have complained about the Excise Tax by questioning the veracity of health studies that show the negative effects of tobacco and sugar. Some people have complained they punish personal choices. They do, and they should. Anyone who in 2017 still thinks tobacco or excess sugar are not dangerous is only fooling themselves. Frankly, even a Dh25 pack of cigarettes is too cheap. But not only will these taxes curtail known harmful behaviours, the Excise Tax is a preliminary test of the country's tax processing abilities ahead of the value-added tax that will be launched next year.

Both of these taxes also represent a seismic shift in the way the UAE pays to run the country. It will no longer be "tax-free," a claim that many seem to think is necessary for the country to remain competitive. It isn't. As the old cliché runs, there are only two certainties in life: death and taxes. That the UAE was able to provide government services and infrastructure for so long without taxes was a blessing due to its abundance of natural resources.

But the implementation of taxes does not make it less competitive. No one will be able to leave the UAE to a developed country where taxes are already an established — and comparatively more expensive — part of life. This is still a country with the wealth of resources and taxes are not, nor likely to become, a significant portion of anyone's income.

No one likes taxes, so we won't ask you to love it ... but everyone should be willing to pay. If it helps, remember, every time you do, you are helping to build this country — literally.

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Common Sense Inspiring Controversial Worrying