

Equalization on cigarette and iQOS taxes pleases health organizations

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By Judy Siegel-Itzkovich

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EQUAL TAXATION. Philip Morris's iQOS heated electronic cigarette. (Carlo Allegri/Reuters). (photo credit: CARLO ALLEGRI/REUTERS)

The Finance Ministry has decided to equalize the taxes on Philip Morris's heated-tobacco product iQOS with those on regular cigarettes.

Finance Minister Moshe Kahlon had stated numerous times that he would not do so because he "opposed raising taxes," but he was under pressure from both the Dubek tobacco company, which claimed "discrimination" against its products, and anti-tobacco activists who argued that all tobacco products were harmful to health.

The Israel Cancer Association congratulated the decision to tax iQOS like other tobacco products but added that rolling tobacco, which is much cheaper than regular cigarettes and is becoming very popular among smokers, must have the same high taxes as regular smokes. It added that the smoking rate in the country increased significantly in the past year and that the very existence of iQOS threatened the progress of decades in reducing the smoking rate.

Dubek said the decision was to have been made after its appeal to courts last summer. It took credit for the Treasury's change of policy.

The Philip Morris spokesman in Israel said it was “unfortunate and illogical that the State decided to limit smokers' access to novel smokeless tobacco products by regulating and taxing them similarly to cigarettes, in full contradiction to the position taken by many governments around the world and without thoroughly reviewing the science pertaining to these products. Israel chose to be the only country in the world, where IQOS is marketed, that taxes the tobacco heating units the same way as cigarettes, while RYO tobacco, whose damage is the same as cigarettes, has a much lower tax burden. In practice, the State encourage us to continue focusing on our cigarettes and RYO products, instead of providing novel smokeless tobacco products that are a better alternative to adult smokers who intend to continue smoking.”

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