



# Budget 2016



## Promoting health by reducing smoking

The Coalition Government is making changes to the taxation of tobacco as part of its commitment to improving the health of all Australians.

### The issue

The Coalition Government is committed to improving health outcomes for all Australians. In particular, the Government recognises the health implications of smoking and supports efforts to decrease tobacco consumption and limit the uptake of smoking.

One of the most effective ways to discourage smoking is to increase the price of cigarettes. Increases in tobacco excise over the last two decades have contributed to significant declines in the number of people smoking daily.

An increase in the price of cigarettes could increase the risk that tobacco is illegally smuggled into Australia. So the Government will also enhance the compliance and enforcement framework for illicit tobacco activity.

### Changes to Tobacco Taxation

The Government will implement a further four annual 12.5 per cent increases in tobacco excise and excise equivalent customs duties, with the first increase to take effect on 1 September 2017. This will replicate the annual increases that have been in place for the past four years.

The Government will also limit the duty free tobacco allowance in Australia to 25 cigarettes or equivalent, which will take effect from 1 July 2017.

**Budget impact: Changes to Tobacco Taxation**

The tobacco taxation changes are expected to raise \$4.7 billion in net revenue over the next four years.

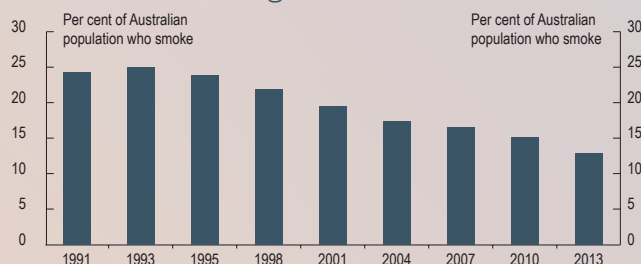
### Combating Illicit Tobacco

Changes to taxation arrangements for tobacco have the potential to increase illicit tobacco activity. To address this risk, the Government will introduce stronger penalties for illicit tobacco activity and more support for the Border Force team responsible for enforcing tobacco importation restrictions. The Government will provide an additional \$7.7 million for the Tobacco Strike Team to combat illicit tobacco activity. Existing penalties will also be strengthened, including by introducing tiered offences not currently available under the Customs Act.

**Budget impact: Combating Illicit Tobacco**

The Government is providing an extra \$7.7 million to combating illicit tobacco over the next four years.

### Australia's smoking rates have fallen...



but there is more work to do

