



Press release

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Correction of tobacco tax to control the economic pressure faced by the citizens of the country including Medical Officers, University professors, lecturers, engineers, bankers and senior executive officers of the private and government sector.

To obtain the revenue which was lost to the government due to various principles, decisions and other reasons, and to fulfill the conditions of the International Monetary Fund (IMF), the government has taken steps to increase income tax through a new income tax policy.

Most professionals, especially Medical Officers, university professors, lecturers, engineers, bankers and senior executive officers of the private and government sector have showed their disapproval and disagreement regarding the increased income taxes. The negative impact of this situation which is faced by the professionals is a proven fact, as the majority of them have come to the decision to 'leave the country' in search of opportunities elsewhere, where their skills and expertise would be greatly valued and accepted. Hundreds of employees of the private and government sector have also taken to the streets engaging in protests against the government and its principles.

The newly introduced tax policy was aimed at boosting revenues to the government, but instead, it has resulted in great disapproval among the public and the government facing its consequences.

Several important studies have revealed that the government has lost a revenue of approximately LKR 50 billion during the past year, due to not implementing a rational, scientific tax policy for tobacco products. Furthermore, the government is trying to postpone the local government election which was initially scheduled to be held in March 2023, mentioning that they do not have enough funds for the process. The estimated cost for the local government election is LKR 10 billion, where the government could have easily hold five successful elections with the revenue earned 'if' the tobacco tax was properly adjusted.

If the tobacco tax was scientifically adjusted, the government could have reduced the increase in the income tax, and still could have earned the expected revenue to the government. Also, increasing tobacco tax is a very convenient action which will not create pressure on the people as well. Instead of adapting a tax policy which creates an unfavorable situation for both the citizens and the government, the responsible officers of the Ministry of Finance should give priority to protect the citizens of the country, while strengthening the economy.

But the responsible parties have continuously been engaged in supporting the monopoly British American Tobacco (BAT), which holds 84% of shares of the Ceylon Tobacco Company (CTC), draining money out of the country instead of bringing revenue to the government through accurately adjusted tobacco tax.

With this current context of the country, Alcohol & Drug Information Centre (ADIC) suggests that the government take immediate steps to obtain the lost revenue to the government due to the unacceptable actions of the responsible government officials, and to reduce the pressure created on the valuable citizens of the country.

Alcohol and Drug Information Centre (ADIC)