



# **Waterpipe Tobacco Smoking Regulations & Challenges**

**6-7 November 2018**

**American University of Beirut**

**Mr. Mohammed Madbouly  
Senior Technical Member  
Ministry of Finance,  
Egypt**

# Introduction

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**Egypt is the biggest country consuming tobacco products in the Arab region.**

**According to Egyptian laws, tobacco cultivation is prohibited.**

**So, All crude tobacco are imported.**

**Most of Tobacco Products like Cigarettes & Water pipe tobacco are locally manufactured .**

# WT Tax System in Egypt

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- ❑ Before 8/9/2016 Egypt was applying Sales Tax on all industrial goods & specific services with general rate of 10% and specific rates for some goods as excise tax.
- ❑ All tobacco products were subjected to the sales tax even crude tobacco which is not industrial good.
- ❑ The tax rate for WT was 50% of producer price with a minimum of 16 EGP per net kilo of crude tobacco which is used in producing WT.

# WT Tax System in Egypt

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- ❑ For several years Egyptian MOF wasn't collecting tax on WT (as the 50% tax of producer price), because it is less than 16 EGP which is previously paid on crude tobacco at Customs.
- ❑ Starting from 1/7/2010 Tax rates was changed to be 100% of producer price instead of 50%.
- ❑ On 8/9/2016 Egypt applied VAT on all goods & services with general tax rate of 14%.

# WT Tax System in Egypt

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- ❑ All tobacco products aren't subjected to VAT but subjected to an excise tax.**
- ❑ Excise tax on WT was increased from 100% in sales tax law to be 150% of producer price in VAT law.**
- ❑ On 24/11/2017 excise tax on imported WT increased to be 175% instead of 150%.**

# Challenges

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## 1. Ease of manufacturing (small factories – Cafes – home)



# Challenges

## 2. Easy to imitate original products



# Challenges

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## 3. Non-compliance with product standards (Sawdust – Unknown leaves)



## **Actions taken**

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- 1. All importers aren't allowed to sell crude tobacco unless the purchaser is registered as tobacco manufacturer at Tax authority.**
- 2. All importers of crude tobacco must declare by law to tax authority within 15 days of selling transaction these data:**
  - a) Amount of each sales transaction.**
  - b) Quantity of each sales transaction.**
  - c) Purchasers data (Name – Address – Tax registration No.)**

# Actions taken

2. Egypt started to apply Track & Trace system in 2013 on all WT products (domestic – imported).



## **Actions taken**

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- 3. All exported WT products are subjected to be tested by taking 3 samples.**
- 4. Conducting periodic and sudden inspections of manufacturing and trading warehouses.**
- 5. Cooperation between related parties (Tax Authority – Ministry of interior trade - Ministry of Interior).**

**Thank You**