

# Tajikistan

*Overview of*

**TOBACCO USE,  
TOBACCO CONTROL  
LEGISLATION,  
AND TAXATION**

World Bank Group  
Global Tobacco Control Program  
Country Brief

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# Tajikistan

## Overview of Tobacco Use, Tobacco Control Legislation, and Taxation A Country Brief

### Executive summary

Smoking prevalence Tajikistan remains rather moderate. According to the Global Adult Tobacco Survey (GATS) conducted in 2016, smokers constitute 6.3% of the adult population of Tajikistan. However, 12.5% of study participants reported consuming smokeless tobacco (nasway).

Tajikistan joined the Framework Convention on Tobacco Control (WHO FCTC) in 2013. Tobacco control legislation was adopted in 2010 and amended in 2017 in line with the FCTC guidelines. The new pictorial health warnings should cover at least 75 percent of the surface on both largest sides of the packs. The amended law bans point-of-sale advertising. However, tobacco excise rates in Tajikistan were very low, and tobacco affordability was growing.

In July 2018, the cigarette excise rates were increased almost 10-fold, but cigarette prices increased in 2018 only by 19% as the excise is still very low in monetary terms (about 0.25 USD per pack of 20 cigarettes).

Cigarette taxes and prices in Tajikistan are still lower than in neighboring countries, and cigarette smuggling out of Tajikistan exceeds cigarette smuggling into the country.

Special policies aiming to discourage nasway use and related surveillance activities should be implemented in Tajikistan, while the introduction of excise or other taxes for such a home-made product can hardly produce substantial benefits.

Tobacco use surveillance and monitoring should be developed in the country including publicly available information on sales of tobacco products, as well as their prices, excise revenue, and other economic indicators.

Tajikistan has a great potential to increase tobacco excise rates in 2019 and in the following years, as well as to contribute to health objectives related to the reducing tobacco use. The greater the excise tax increase, the larger both the reduction in tobacco consumption and tobacco excise revenue growth will be.

## **Acknowledgments**

This country brief was prepared by a team from the World Bank Group Global Tobacco Control Program led by Patricio V. Marquez, including Konstantin Krasovsky, and Tatiana Andreeva.

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## Introduction

### *The Objective of the Country Brief*

This country brief presents an overview of current tobacco control legislation, tobacco use, and taxation policy in Tajikistan. Data and information were collected from various sources. The brief is intended to serve as the context for complementary assessments on different aspects of tobacco taxation in the country to be shared with government teams and other national and international stakeholders.

### Tobacco use among adults

Overall, the prevalence of cigarette smoking in Tajikistan is low, but the proportion of people using chewing tobacco (nasway) is rather high [1].

The Global Adult Tobacco Survey (GATS) was conducted in Tajikistan in 2016 among people aged 15 year and older<sup>1</sup>. In general, 6.3% (356,400 persons) of the adult population of Tajikistan were smokers: 3.8% (215,300 persons) smoked daily and 2.5% smoked occasionally. Among men, 14.7% were current smokers and 0.3% among women. Among adolescents aged 15-19 years, the prevalence of current smoking was 1.0% and among youth aged 20-29 years - 9.6%. The prevalence of current smoking in rural areas was 5.6%, while in urban areas it was 8.3%. The survey showed that 99.2% of smokers mostly smoked cigarettes. Among daily smokers, 62.3% smoked from 1 to 5 cigarettes a day, 22.4% smoked from 6 to 10 cigarettes, 6.6% - from 11 to 15 cigarettes, 6.2% - from 16 to 20 cigarettes, and 2.6% of daily smokers consumed more than 21 cigarettes a day.

Estimated 699,800 persons or 12.5% of study participants reported consuming smokeless tobacco (nasway): 13.4% of the rural population and 9.9% of the urban population.

According to the GATS, among people working in closed premises, 27.2% were exposed to secondhand smoke in their workplaces. In homes, 10.3% of the study participants were exposed to secondhand tobacco smoke daily, and, additionally, 6.3% were exposed less than daily.

According to a survey of rural population conducted in 2009–2010, the prevalence of smoking among people aged 15–59 years was 8.7% among men and 0% among women, 12–14% in the group aged 25–54 years, and just 2.7% among people aged 15–25 years. However, the results of this study revealed widespread use of chewing tobacco (nasway). About 40% of rural men and 3% of rural women reported using nasway. Among the youngest men (15–24 years old), only 9% reported using nasway while 60% of male respondents aged 45–54 years used it. A similar survey was conducted in the same age group (15–59 years) of the urban population between 1998 and 2003. This survey revealed that 30.1% of men and 2.5% of women smoked cigarettes, while 23.4% of men and 1.2% of women used nasway.

Only 0.3% of women aged 15-49 years reported current smoking within the Demographic and Health Survey conducted in 2012 [2]. While few women themselves smoked, a substantial proportion of women were regularly exposed to the harmful effects of second-hand smoke: 7.0% were exposed to tobacco smoke at home daily and 4.6% less than daily.

### Tobacco use among youth

The most recent nation-wide survey on youth tobacco use, the Global Youth Tobacco Survey (GYTS), was conducted in Tajikistan in 2014<sup>2</sup>. The survey revealed that in Tajikistan, only 4.1% of students aged 13-15 years old were current users of any tobacco products (4.8% of boys and 2.7% of girls), which is lower

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<sup>1</sup> <http://www.sesric.org/imgs/news/1737-PRESENTATION-TQS-TAJIKISTAN-Hafizulloh-ISMOILOV-EN.pdf>

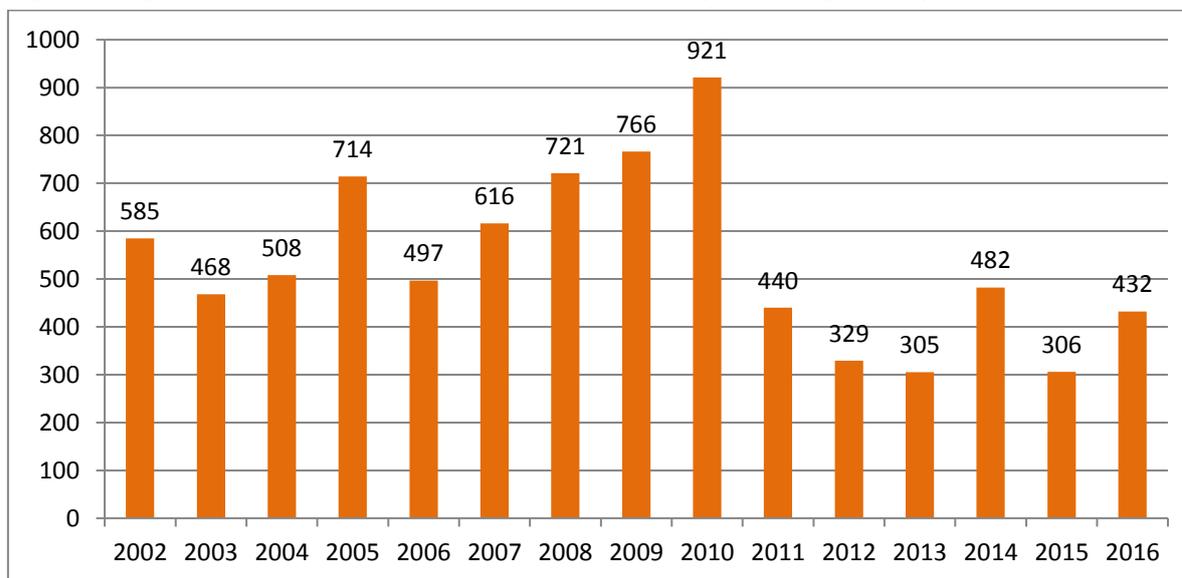
<sup>2</sup> <https://nccd.cdc.gov/GTSSDataSurveyResources/Ancillary/DownloadAttachment.aspx?ID=1323>

than in 2004<sup>3</sup> when the GYTS revealed that 5.1% of students were current users of any tobacco products (6.8% of boys 2.8% of girls).

## Tobacco production and sales

In 2003-2010, domestic cigarette production increased from 468 million cigarettes to 921 million cigarettes, but it declined in 2011, and then, it was rather stable: on average, it constituted about 400 million cigarettes a year in 2011-2016 (Figure 1).

**Figure 1. Cigarette production in Tajikistan in 2002-2016 (million cigarettes)**



Data source: UN database<sup>4</sup>

However, the decline of domestic cigarette production in recent years was more than compensated by an increase in cigarette import (Table 1). About 90% of cigarettes were imported from Kazakhstan and the Russian Federation.

Cigarette exports from Tajikistan increased in 2015-2017. The main country for export was Iraq, where 240 million cigarettes were exported during the last three years with a total cost of about 7 million US dollars (about 80% of total Tajik cigarette export). Cigarette turnover, which in some cases equals to sales but not in all, in Tajikistan was calculated using the available statistical data as Turnover = Production + Import – Export. Cigarette turnover increased in 2012-2014 almost 2-fold.

**Table 1. Cigarette turnover in Tajikistan (million cigarettes)**

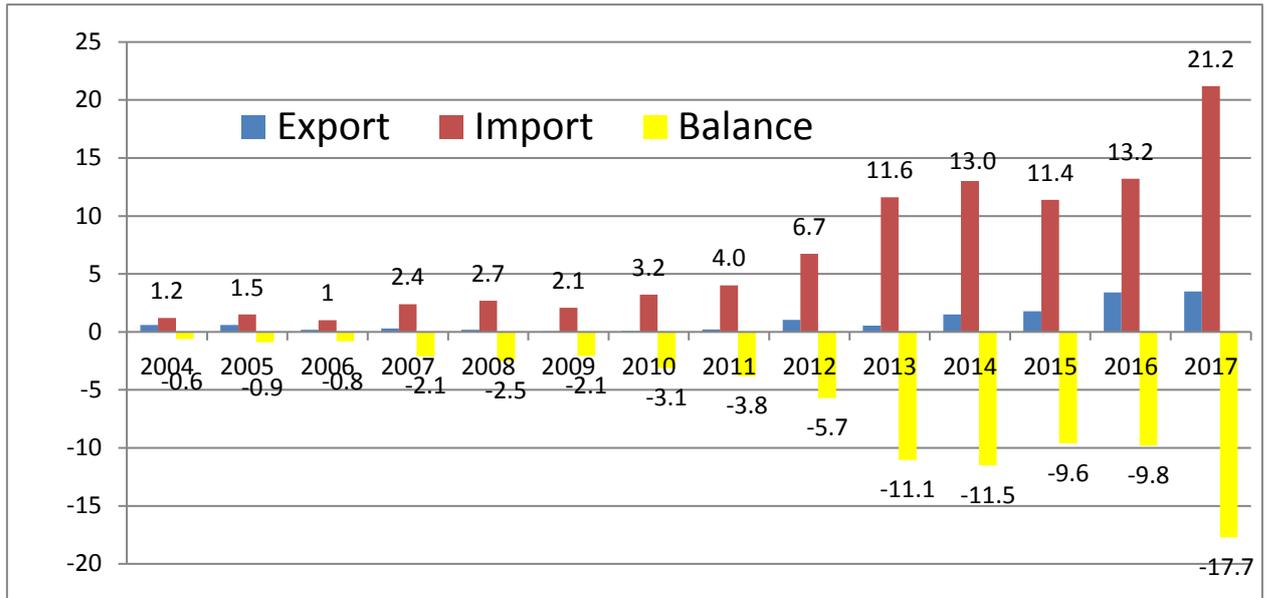
	2011	2012	2013	2014	2015	2016	2017
Production	440	329	305	482	306	432	
Import	209	293	597	678	554	862	1261
Export	2	0	3	22	23	123	158
Turnover	649	622	902	1138	835	1174	

Data source: UN database and the Customs service reports (*customs.tj*).

The import of tobacco and tobacco products in monetary terms exceeds their export and the annual negative balance of external tobacco trade increased more than 20-fold over the last 12 years (Figure 2).

<sup>3</sup> <https://nccd.cdc.gov/GTSSDataSurveyResources/Ancillary/DownloadAttachment.aspx?ID=489>

<sup>4</sup> <http://data.un.org/Data.aspx?q=cigarettes&d=ICS&f=cmID%3a25010-1>

**Figure 2. Tobacco and tobacco products export and import in Tajikistan (million USD).**

Data source: the National Statistics Committee reports.

## Tobacco control policies

Tajikistan joined the Framework Convention on Tobacco Control (WHO FCTC) in 2013, and the republic has committed itself to the implementation of the cross-sectoral measures outlined in the convention to protect people from tobacco use and related harm.

### Tobacco control legislation

The tobacco control law called “On restrictions of tobacco products use” was developed and approved by both the Lower and the Upper Chambers of the Parliament of Tajikistan in 2010. The law (N 649) was signed by the President on December 29, 2010, and entered into force since January 1, 2011. At the same day, another law (N 650) was signed and this law amended the Administrative Code to include fines for violations of the tobacco control law.

Article 4 of the tobacco control law required tobacco packs to have main and additional health warnings and to specify tar and nicotine contents. The health warning provisions in the law were rather declarative. The law states that warnings should be “clear”, but there were no requirements in the law regarding the color and size of the warning (except for the requirement for the message about tar and nicotine contents to take at least 4% of one of the middle surfaces of the pack).

Article 6 of the tobacco control law refers to the Law on Advertising, which is effective since 2003 and bans tobacco advertising (Article 17) and sponsorship (Article 20) in Tajikistan. However, the ban was not comprehensive, as point-of-sale advertising was still permitted.

Article 7 of the tobacco control law prohibited smoking (and use of nasway) in indoor public and workplaces, administrative buildings, offices of governmental bodies and non-governmental organizations, health, educational, cultural and sports facilities, recreation areas, places for holding public events, halls of airports and railroad stations, public transport, except specially designated smoking areas, which could be set within the premises. However, the legislation has a fundamental weakness as in the case of smoking in places required by law to be smoke-free, only the smoker is considered a violator, while no responsibility is imposed on the person in control of the premises where smoking occurs.

In October 2017, the parliament adopted some amendments to the tobacco control law (Law N 1484)<sup>5 6</sup>, effective from January 1, 2018. The new pictorial health warnings should cover at least 75 percent of the surface on both largest sides of the packs. The amended law bans point-of-sale advertising.

In December 2018, the Ministry of Health adopted the design of pictures for the health warnings<sup>7</sup>.

The amended law bans smoking (including water pipe, electronic cigarettes, as well as nasway use) in premises of administrative buildings, staircase landings of residential buildings, offices of governmental and private enterprises, airports, train stations, dormitories, health centers, cafes, restaurants, as well as in pedestrian subways, elevators and public transport. Specially designated smoking areas can only be set outside of the premises.

### **Tobacco excise rates**

According to the Tax Code of Tajikistan<sup>8</sup> (Article 200) excise rates for tobacco products are set by Orders of the Government and are specified in Euro. Since 2005, the tobacco excise rates in Tajikistan have been changed only three times (Table 2).

**Table 2. Tobacco excise rates in Tajikistan (Euro per 1000 pieces)**

	Since May, 2005	Since April 2010	Since March 2014	Since July 2018
	Order 126 of 2.04.2005	Order 189 of 30.03.2010 <sup>9</sup>	Order 102 of 15.02.2014 <sup>10</sup>	Order 302 of 9.06.2018 <sup>11</sup>
Filter cigarettes	0,75	0,85	1,00	9,8
Non-filter cigarettes	0,34	0,40	0,50	9,8
Cigars	0,60	0,70	0,80	8,5
Other tobacco (code 2403)				60% of the price

As the national currency (somon) exchange rate changed over those years, the excise rate expressed in national currency has actually increased: for example, excise rate for 1000 filter cigarettes increased from about 3 somonis in 2005 to about 5 somonis in 2010, 7 somonis in 2015, 9 somonis in 2016 and about 11 somonis in 2017. In 2010-2017, the nominal (in national currency) excise rate increased by less than 10% a year.

In October 2017, the government proposed<sup>12</sup> to increase excise rates for cigarettes: to 3 euro (for 1000 pieces) from January 2018; to 5 euro from January 2019, and to 7 euro from January 2020. However, this proposal was not adopted.

<sup>5</sup> <https://news.tj/en/news/tajikistan/society/20171030/hookah-smoking-will-be-affected-by-new-smoking-law>

<sup>6</sup> [https://www.narodnaya.tj/index.php?option=com\\_content&view=article&id=5829:2018-01-12-06-00-31&catid=69:zakoni&Itemid=171](https://www.narodnaya.tj/index.php?option=com_content&view=article&id=5829:2018-01-12-06-00-31&catid=69:zakoni&Itemid=171)

<sup>7</sup> <https://news.tj/ru/news/tajikistan/society/20181213/s-novogo-goda-v-tadzhikistane-budut-prodavati-tolko-strashnie-pachki-sigaret>

<sup>8</sup> [http://www.customs.tj/images/stories/img\\_text/Konunho/ru/Zakon/ZakRu901\\_17.09.2012%D0%B3.rar](http://www.customs.tj/images/stories/img_text/Konunho/ru/Zakon/ZakRu901_17.09.2012%D0%B3.rar)

<sup>9</sup>

[http://www.andoz.tj/images/materiali\\_andoz\\_tj/GLAVNOE%20MENU/2\\_zakonodatelstvo/6\\_postanovleniya\\_pravitelstva\\_r\\_t/4-pravilo%20%E2%84%96126%20o%20stavkax%20akciz.naloga.pdf](http://www.andoz.tj/images/materiali_andoz_tj/GLAVNOE%20MENU/2_zakonodatelstvo/6_postanovleniya_pravitelstva_r_t/4-pravilo%20%E2%84%96126%20o%20stavkax%20akciz.naloga.pdf)

<sup>10</sup>

[http://www.andoz.tj/images/materiali\\_andoz\\_tj/GLAVNOE%20MENU/2\\_zakonodatelstvo/6\\_postanovleniya\\_pravitelstva\\_r\\_t/1-Pravilo%20%E2%84%96102%20akciz\\_neft.pdf](http://www.andoz.tj/images/materiali_andoz_tj/GLAVNOE%20MENU/2_zakonodatelstvo/6_postanovleniya_pravitelstva_r_t/1-Pravilo%20%E2%84%96102%20akciz_neft.pdf)

<sup>11</sup> [http://www.andoz.tj/docs/postanovleniya-pravitelstvo/Resolution\\_\\_%E2%84%96302\\_ru.pdf](http://www.andoz.tj/docs/postanovleniya-pravitelstvo/Resolution__%E2%84%96302_ru.pdf)

Eventually, in June 2018, the excise rate for cigarettes was increased almost 10-fold to 9.8 euro (=105 somoni) per 1000 both filter and non-filter cigarettes. Excise per pack of filter cigarettes increased by 0.2 USD.

The VAT rate was reduced in 2009 from 20% to 18% (Article 181 of the Tax Code).

The import duty is 3 euro per 1000 cigarettes, but over recent years, most cigarettes are imported from the CIS countries (Kazakhstan and Russia), so the import duty is not paid for those cigarettes.

### **Tobacco excise revenues**

In 2009-2010, according to the data reported by the Ministry of Finance, tobacco excise revenues for domestic cigarettes increased from 1.32 to 2.36 million somonis. This increase was caused by the change in tax rate effective since 30 March 2010 (see Table 1) and the growth in cigarette production (see Figure 1).

In 2014, the annual cigarette turnover was about 1.1 billion cigarettes. The excise rate was 1 euro per 1,000 cigarettes and the average somoni to euro exchange rate was about 6.5, so the annual tobacco excise revenues should be about 7 million somonis.

Information on tobacco excise revenue in recent years is not available.

### **Cigarette prices**

Cigarette prices in Dushanbe supermarkets in January 2018 ranged from 4 somonis per pack. Most expensive cigarettes (Marlboro, Kent, Parliament) were priced at 8-9 somonis per pack. In some kiosks and markets, domestic cigarettes with price 2-3 somonis per pack were available, but such cigarettes were not sold in supermarkets.

In August 2018, just after the tax hike (Table 2), cigarette prices increased. The new retail prices of cheap cigarette brands (Senator, Rossa, LD) constituted 5-7 somoni per pack, of middle priced brands (Pine, Winston, Camel) were 8-9 somoni; of premium brands (Esse, Kent) equal to 9-15 somoni per pack of 20 cigarettes.

### **Tobacco affordability in Tajikistan**

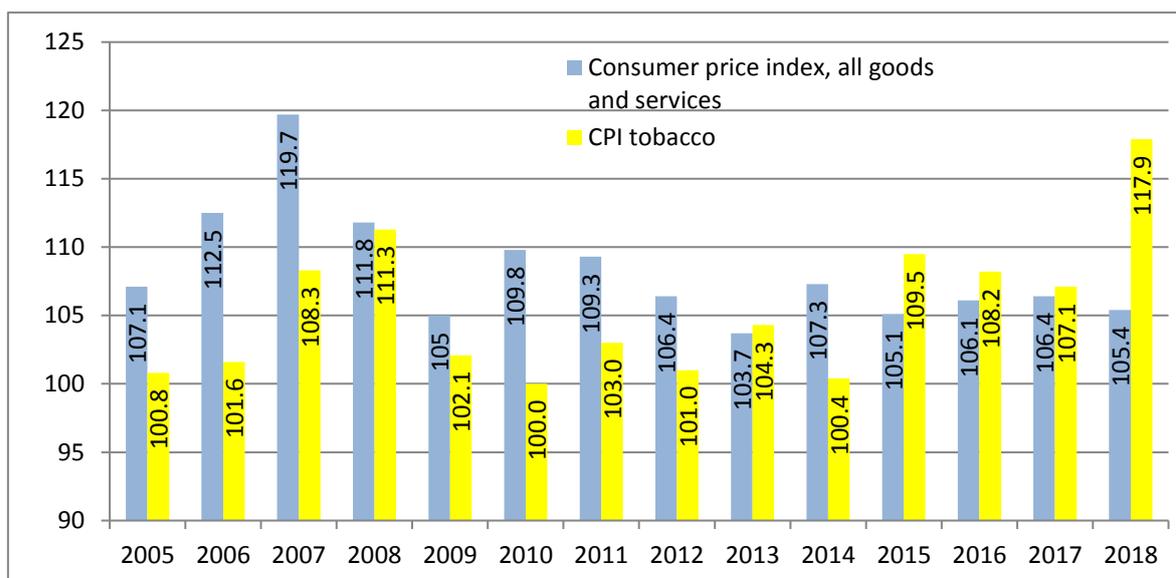
The Guidelines for the implementation of Article 6 of the WHO FCTC state that *tax rates should be monitored, increased or adjusted on a regular basis, potentially annually, taking into account inflation and income growth developments in order to reduce consumption of tobacco products.*

Excise rates in Tajikistan slowly increased over recent years (mainly due to the decline of the national currency exchange rate as the excise rates are specified in Euro); however, the impact of these increases on tobacco consumption depends on inflation and income growth.

In 2005-2014, tobacco price growth was below inflation rates (Figure 3). In 2015-2017, the increase in tobacco prices slightly exceeded the inflation rate. Only in 2018, the tobacco price increase was substantially higher than the general price increase.

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<sup>12</sup> <http://ent.tj/tweet/3169-stavki-akciznogo-naloga-na-tabachnuyu-produkciyu-v-tadzhikistane-povysyat-s-2018-goda.html>

**Figure 3. Consumer price indices (CPI), December to December previous year**

Data source: the National Statistics Committee reports (stat.tj)

The Guidelines for the implementation of Article 6 of the WHO FCTC state: *Without price increases above the growth in income, tobacco products will inevitably become more affordable over time. This increase in affordability will generally result in growing consumption.* The Guidelines recommend: *“When establishing or increasing their national levels of taxation Parties should take into account – ... changes in household income, to make tobacco products less affordable over time in order to reduce consumption and prevalence”.* “Affordability” means price relative to per capita income.

In the current analysis, the modified Tobacco Affordability Index [3] is applied to estimate the changes in tobacco affordability in Tajikistan in 2011-2014.

The **Tobacco affordability index** (TAI) is calculated as follows: annual change in disposable income per capita divided by the tobacco price increase ( $TAI = (\text{Income change} / \text{CPI tobacco} - 1) * 100$ ). If the TAI has positive values, it means that tobacco became MORE affordable, and tobacco consumption is expected to increase. Calculations of the TAI are presented in Table 3.

**Table 3. Tobacco affordability in Tajikistan in 2011-2016**

	2011	2012	2013	2014	2015	2016	2017	2018
Consumer price index, all goods and services, December to December of the previous year	109,3	106,4	103,7	107,3	105,1	106,1	106,4	105,4
Consumer price index, tobacco products, December to December of the previous year	103,0	101,0	104,3	100,4	109,5	108,2	107,1	117,9
Aggregate household income, somonis per capita	225,6	258,8	293,6	323,6	297,6	351,1	374,1	
Annual income change, %	118,6	114,7	113,4	110,2	92,0	118,0	106,5	
<b>Tobacco Affordability Index</b>	<b>15,2</b>	<b>13,6</b>	<b>8,8</b>	<b>9,8</b>	<b>-16,0</b>	<b>9,0</b>	<b>-0,5</b>	

Data source: the National Statistics Committee reports (stat.tj)

In 2011-2014, the tobacco affordability in Tajikistan increased greatly, which could result in the tobacco consumption upward trend and, correspondingly, the rise of cigarette turnover was observed in these

years (Table 1). In 2015, tobacco products became less affordable, but mainly due to the population income decline.

In 2018, cigarette prices increased by 18%, and some reduction of tobacco affordability is expected.

### Excise rates and cigarette prices in neighboring countries

The comparison of excise rates and cigarette prices in Tajikistan and neighboring countries (Table 4) reveals that even after the excise hike of 2018 (see Table 2), both taxes and prices in Tajikistan are the lowest in the region.

**Table 4. Cigarette prices and taxes in Tajikistan and neighboring countries in May 2019**

	Specific excise rate per 1000 cigarettes		Ad valorem excise, %	VAT, %	The average retail price of a 20 cigarettes pack		Price components (USD)		
	National Currency	USD			National Currency	USD	excise	VAT	Net of taxes
Kazakhstan	8700	22,8	0	12	415	1,09	0,46	0,12	0,51
Kyrgyzstan	1500	21,4	0	12	69	0,99	0,43	0,11	0,45
Russian Federation	2568	39,5	14,5	20	114	1,75	0,79	0,29	0,67
<b>Tajikistan</b>	<b>9.8 euro</b>	<b>11,1</b>	<b>0</b>	<b>18</b>	<b>8</b>	<b>0,85</b>	<b>0,22</b>	<b>0,14</b>	<b>0,49</b>
Uzbekistan	117900	13,9	4	20	8313 <sup>13</sup>	0,98	0,29	0,16	0,53

Sources: Official sites of the relevant countries and other open sources.

Such price differences encourage cigarette smuggling from countries with lower prices, so cigarette smuggling OUT OF Tajikistan is much greater than cigarette smuggling INTO the country. The Kyrgyz customs reported the cases of seizures of cigarettes with Tajik excise stamps in late 2018<sup>14</sup> and in 2019<sup>15</sup>. Cigarettes with Tajik excise stamps were also found in Kazakhstan<sup>16</sup> and other countries. In 2018, the Kantar-TNS agency estimated annual cigarette smuggling to the Russian Federation to be 20 billion cigarettes and reported that 2% of smuggled cigarettes (about 400 million) were supplied from Tajikistan. In July, 2016, Latvian customs reported two seizures of cigarettes with Tajik excise stamps (250,000 cigarettes in total)<sup>17</sup>. Cigarettes smuggled from Tajikistan were mostly international brands (Winston and others), which are imported to Tajikistan by the transnational tobacco companies.

In Tajikistan, smuggled cigarettes are also sold<sup>18, 19</sup>, but, paradoxically, they are usually more expensive than legal cigarettes, as some smokers prefer smuggled cigarettes which they consider more trendy. For example, in Dushanbe supermarkets in 2017, a pack of Marlboro with Tajik excise stamp (excise paid in

<sup>13</sup> <https://nuz.uz/ekonomika-i-finansy/40391-kto-i-skolko-kurit-v-uzbekistane-obzor-tabachnogo-rynka.html>

<sup>14</sup> <http://asiatv.kg/2018/09/04/%D0%B2-%D0%BA%D1%8B%D1%80%D0%B3%D1%8B%D0%B7%D1%81%D1%82%D0%B0%D0%BD%D0%B5-%D0%BF%D1%80%D0%B5%D1%81%D0%B5%D0%BA%D0%BB%D0%B8-%D0%BD%D0%B5%D0%B7%D0%B0%D0%BA%D0%BE%D0%BD%D0%BD%D1%8B%D0%B9-%D0%B2%D0%B2/>

<sup>15</sup> <https://www.akchabar.kg/ru/news/V-Kyrgyzstane-zaderzhali-kontrabandu-sigaret-iz-Tadzhikistana/>

<sup>16</sup> <https://lsm.kz/v-kazahstane-stali-izymat-bol-she-nezakonnyh-sigaret>

<sup>17</sup> <http://www.grani.lv/latvia/70582-kontrabandisty-vezut-sigarety-iz-tadzhikistana.html>

<sup>18</sup> <http://avesta.tj/2017/04/20/v-dushanbe-obnaruzhena-krupnaya-partiya-sigaret-s-poddelnymi-aktsizami/>

<sup>19</sup> [http://customs.tj/index.php?option=com\\_content&view=article&id=473%3A2017-02-27-11-26-56&catid=54%3A2014-03-28-01-15-27&Itemid=82&lang=ru](http://customs.tj/index.php?option=com_content&view=article&id=473%3A2017-02-27-11-26-56&catid=54%3A2014-03-28-01-15-27&Itemid=82&lang=ru)

Tajikistan) was sold for 8-9 somonis, while the same pack with Russian excise stamp (excise paid in Russia) was being sold for 21 somonis.

Some people used to believe that Tajikistan cannot have high excise cigarette rates and prices as people have very low salaries. However, the level of salaries can have an impact only on the price net of taxes (producer, importer and retailer price). Calculations of the cigarette price components (Table 4) revealed that the cigarette price net of taxes in Tajikistan is the same or even higher than in Kyrgyzstan, Uzbekistan, and Kazakhstan. However, final retail prices in those countries are higher than in Tajikistan. The main factor of bigger differences between the net-of-taxes prices and final retail prices are the excise rates, which are still lower in Tajikistan than in the neighboring countries.

Over recent years, the cigarette excise rates were increased in the neighboring countries. In **Kyrgyzstan**, minimum excise rate for filter cigarettes in 2009-2014 was increased 4-fold and the tobacco excise revenue increased 5-fold [4], while in 2014 the only tobacco factory in the country was closed.

In 2014-2019, excise rates in **Kyrgyzstan** increased from 450 soms (KGS) to 1500 KGS per 1000 cigarettes.

**Uzbekistan** increased cigarette excise rates by 50% from January 2016, by 30% from January 2017, by 120% from January 2018, by 40% from January 2019, and by 20% more from July 2019.

In January 2019, the Russian Federation increases cigarette excise rates by 10%, Kazakhstan – by 16%, and Kyrgyzstan – by 20%.

## Discussion

In 2003-2017, cigarettes became more affordable as excise rates were very low, so the tobacco consumption in Tajikistan apparently increased. As the cigarette price difference between Tajikistan and other countries became larger, cigarette smuggling out of Tajikistan also increased.

In 2018 cigarette excise rates increased 10-fold, but cigarette prices increased just by 18% as excise share in the retail price was very low.

In January 2018, the price of the cheapest cigarettes was 2 somonis per pack of 20 cigarettes, including the excise of 0.22 somoni ( $=11/1000 * 20$ ), so the excise share in retail price did not exceed 11%. The VAT rate is 18%; so, in a pack with a price of 2 somoni, the VAT was  $2*18/118=0.31$  somoni, and the total tax burden was  $0.22+0.31=0.53$  somoni. The total tax share in retail price was 26%, which was much lower than in other countries. For middle-price cigarettes (8 somoni per pack), the total tax share was 42%, and it means that the tobacco industry gets a larger part of cigarette price than the government.

In August 2018, after the tax hike, the price of the cheapest cigarettes became 5 somonis per pack of 20 cigarettes, including the excise of 2.16 somoni ( $=11/1000 * 20$ ), so the excise share in retail price became 43%. The VAT rate was  $5*18/118=0.76$  somoni, and the total tax burden is  $2.16+0.76=2.92$  somoni.

The World Bank (2019) [5] stresses that tobacco taxes only reduce tobacco consumption if they reduce cigarette affordability. The affordability reduction can be achieved by tobacco excise increase, which results in the growth of cigarette price above the income growth. In Tajikistan, even after the substantial excise increase of 2018, cigarette price increase was rather moderate as well as the tobacco affordability reduction.

Increase of tobacco excise rates in Tajikistan in 2018 is a very progressive policy; however, the excise rates should be increased annually in line with FCTC Guidelines [6]. Such excise increase will reduce cigarette consumption and sales but will bring the increase of government excise revenues.

## Conclusions and recommendations

Until 2018, Tajikistan did not implement tobacco taxation policy able to contribute to the health objectives aimed at reducing tobacco consumption: as the excise tax rate was very low, and tobacco affordability was growing.

In July 2018, the cigarette excise rates were increased almost 10-fold, but cigarette prices increased only by 19% as the excise is still very low in monetary terms (about 0.25 USD per pack of 20 cigarettes).

Cigarette taxes and prices are still lower than in neighbouring countries, and cigarette smuggling out of Tajikistan exceeds cigarette smuggling into the country.

Special policies aiming to discourage nasway use and related surveillance activities should be implemented in Tajikistan, while the introduction of excise or other taxes for such a home-made product can hardly produce substantial benefits. However, it is worth considering the excise taxation for electronic cigarette liquids and devices in line with the World Bank recommendations [7].

Tobacco use surveillance and monitoring should be developed in the country including publicly available information on sales of tobacco products, as well as their prices, excise revenue, and other economic indicators.

Tajikistan has a great potential to increase tobacco excise rates in 2019 and in the following years, as well as to contribute to health objectives related to the reducing tobacco use. The greater the excise tax increase, the larger both the reduction in tobacco consumption and tobacco excise revenue growth will be.

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