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Cigarette Packs



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The nastiest tax of all

Op-ed: Like every 'old' politician, Lapid identified the most accessible ATM – Arabs and foreign workers

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The first significant action Yair [Lapid](#) took as minister of finance was to raise the special purchase tax on each pack of cigarettes by NIS 2.5 (68 cents).

I'm not a smoker. In my whole life, I've smoked fewer than 20 cigarettes and I understand that the health risk from smoking is a proven scientific fact. I saw the X-ray of my father's lungs before his death and I don't need any further proof. When I see a friend smoking, I try to convince him to stop. Nonetheless, I find this hike in the excise tax nothing less than despicable.

Facts: Some 450 million packs of cigarettes are sold in [Israel](#) annually and the tax increase is slated to inject about NIS 1 billion (\$270 million) to the treasury. Israel collected over NIS 5 billion (\$1.36M) from the excise tax on cigarettes in 2011. To put this in perspective: This comprises nearly 3% of all tax revenues in Israel. This means that the smokers in Israel provide the funding, for example, for nearly all of the higher education system in Israel.

There is an additional amazing figure in the Ministry of Finance's data: 7% of the income of the bottom decile goes toward the excise tax on cigarettes. The next three deciles spend "just" 3% of their income on this excise tax, while the top decile expends only 0.33% of its income. Another figure: 20% of Arabs smoke more than one pack a day, compared to 10% of [Jews](#). Others who pay this tax include soldiers, who consume an average of about half a pack a day and pay an excise tax on cigarettes that exceeds their military salaries.

In order to understand the shameless preference for the higher deciles, add the fact that the tax increase was imposed equally on all types of cigarettes, both prestigious and "low-brow" brands; the fact that the upper decile can buy 10 tax-free packs on each trip to Ben-Gurion Airport; and the fact that the tax on cigars is about one-fourth the tax imposed in cigarettes, even though cigars are no less harmful to one's health.

It is customary to justify this tax by arguing that it rectifies an injustice suffered by non-smokers. The smokers tend to contract serious illnesses that require expensive medical treatments. Why should we, the non-smokers, finance their hedonism and their inability to resist temptation? At least they should pay for the medical expenses for which they are responsible. But even those who wish to exaggerate in assessing the cost of smoking-related medical treatments reach less than NIS 2 billion (\$550M) annually. Moreover, this assessment does not take into consideration the "savings" on health expenditures that derive from the early death of smokers. In other words, smoking stinks and is unhealthy, but it does not create an economic burden on the public.

And there is the

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paternalistic argument. The government is concerned for its citizens and increases the tax burden for the smokers' own sake. I don't accept the government's right to so blatantly interfere in the lives of individuals, even if it is ostensibly for their own good. At most, one can justify conducting an information campaign and requiring that cautionary skulls be printed on each pack. In any case, the paternalistic argument is not sincere. If there were a bit of truth in it, we would see an excise tax on skiing at Mount Hermon, on fat-rich ice cream and on popcorn dripping with butter at the cinema, not to mention parity in the tax assessed on cigars and cigarettes.

Lapid, as we know, is a serious person. He surely delved into the facts and understood the order he signed. If he were concerned with the smokers instead of covering the deficit, he would look for more effective measures. But the new politician Lapid did what his predecessors did. He understood that the bottom decile, Arab men and foreign workers, have no lobby. Just like every "old" politician, Lapid identified the most accessible ATM in the neighborhood. I'm just surprised by his voters, who did not understand that this time he did indeed keep his promises to take care of them, members of the middle class and above – since they suffer the least harm from this tax.

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