

Specific taxes on vaping products

Data from Vaporproductstax.com (August 2019)¹

Twenty six countries and 17 U.S states apply taxes to electronic cigarette devices or the nicotine liquids that are used with them. These taxes are in addition to other sales taxes applicable. The tax rates in each jurisdiction are shown in Tables 1 and 2.

- At least 3 countries apply ad valorem taxes, which are a percentage of the cost (either retail or wholesale)
- More than 20 countries apply specific taxes, which are set as a fixed amount for a quantity of sales.
- At least 16 states and 5 U.S. municipalities levy taxes on e-cigarettes.

Two countries (Croatia and Kazakhstan) apply a zero rate tax. This does not produce any revenues, but it does establish a collection mechanism while providing government with information on the market size and growth.

South Korea applies four types of taxes, including a tax directed to support health promotion activities and to address the costs of disposing the waste from the products.

Kenya applies a tax on each electronic cigarette unit that is greater than the tax it applies to 1,000 cigarettes.²

Figures 1 and 2 illustrate the impact of these tax rates if they were applied to a global vaping product marketed in Canada (before GST/PST). The product used as a reference is the Logic Compact, which is manufactured by Japan Tobacco and distributed in Canada through JTI-Macdonald. The recommended selling price for a package of 2 capsules of 1.6 mL each is \$9.99.³ The wholesale price is set to provide retailers with a 20% margin,⁴ meaning that JTI sells a package of 2 cartridges at a cost of \$8.35.

1 Data taken from the Vapour Products Tax data centre. Vaporproductstax.com/taxation-database

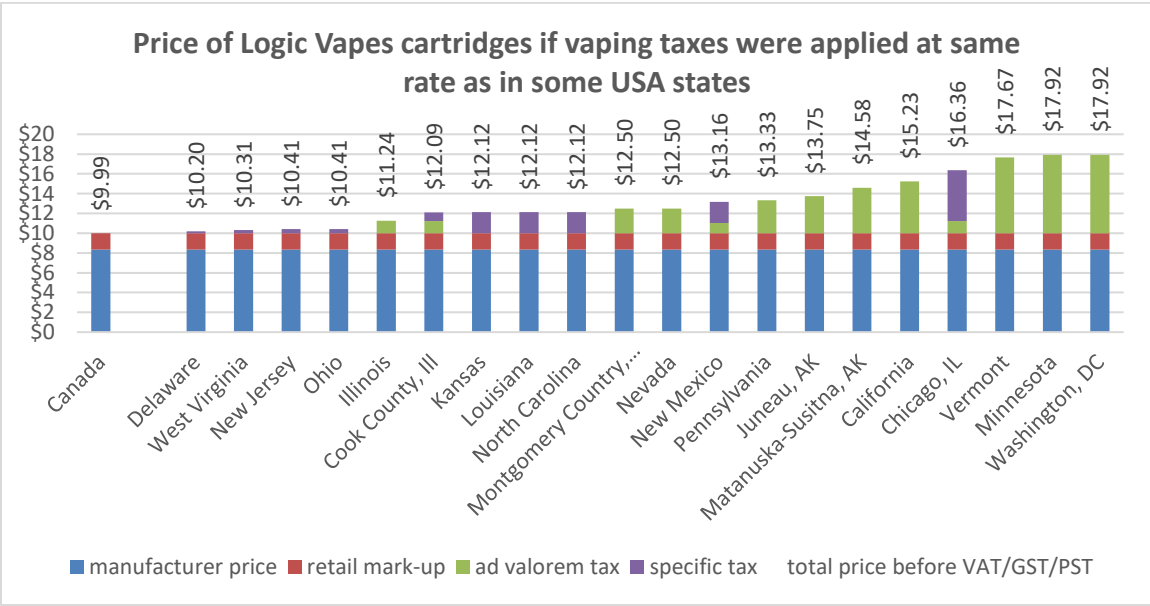
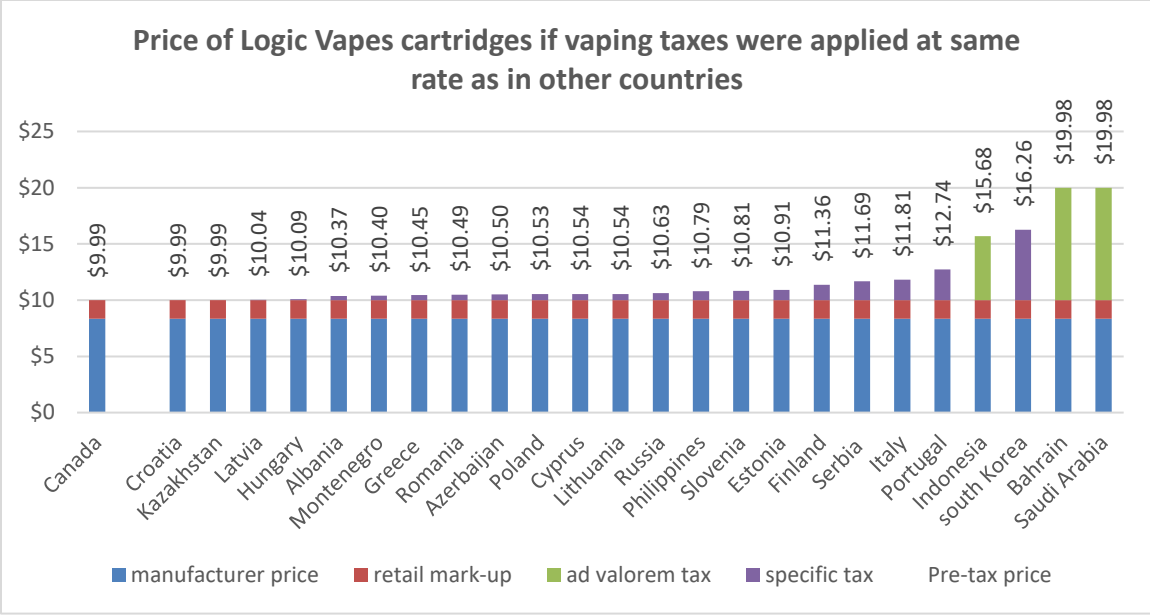
2 EY. Indirect Tax Alert. February 2019. Kenya adjusts excise duty rates.
<https://www.ey.com/gl/en/services/tax/international-tax/alert--kenya-adjusts-excise-duty-rates>

3 Japan Tobacco. <https://logicvapes.ca/device/logic-compact-vape/>

4 Canadians Convenience Store News, January 2019.

Physicians *for a* Smoke-Free Canada

134 Caroline Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ psc@smoke-free.ca



Taxes on vaping products set by national governments⁵

Country	Type and base	Amount	CAD equivalent ⁶	Effective date
Albania	Specific, volume of liquid	ALL 10 / mL (€ 0.07964)	\$0.12 / mL	2019
Azerbaijan	Specific, volume of liquid	AZN 20 (€ 10.225) / l	\$0.0159 / mL	2019
Bahrain	Ad valorem, Pre-tax price	100%	100%	2018
Croatia	Specific, volume	HRK 0	\$0.00	2017
Cyprus	Specific, volume of liquid	€ 0.12 / mL	\$0.1716 / mL	2017
Estonia	Specific, volume of liquid	€ 0.20 / mL	\$0.286 / mL	2018
Finland	Specific, liquid by volume	€ 0.30 / mL	\$0.4290 / mL	2017
Greece	Specific, liquid by volume	€ 0.10 / ml	\$0.143 / mL	2017
Hungary	Specific, Liquid by volume	HUF 55 / mL (€ 0.018)	\$0.03 / mL	2017
Indonesia	Ad valorem, retail selling price	57%	57%	2018
Italy	Specific, liquid by volume	€ 0.3976 / mL	\$0.57 / mL	2016 (increased in 2018)
Kazakhstan	Specific, by volume	KzT 0 / mL	\$0.00	2015
Kenya	Specific, (1) devices, (2) cartridges	(1) Shs 3,156/unit (2) Shs 2,104/unit	(1) \$38.75 / unit (2) 25.83 / unit	2015
Latvia	Specific,(1) liquid by volume, (2) nicotine by weight	(1) € 0.01 / mL (2) € 0.005 / mg	(1) \$0.0143 / mL (2) \$0.0072 / mg	2016
Lithuania	Specific, volume	€ 0.12 / mL	\$0.1716 / mL	2019
Montenegro	Specific, liquid	€ 0.9/mL	\$0.1287 / mL	2017
Philippines	Specific, Volume	10 pesos / 10 mL	\$0.025 / mL	2020 (increased after 2021)
Poland	Specific, volume of liquid	PLN 0.5 / mL	\$0.170 / mL	2018 (zero based until December 31, 2018)
Portugal	Specific, liquid by volume	€ 0.60 / mL	\$0.858 / mL	2014
Romania	Specific, liquid by volume	€ 0.11/mL	\$0.1573 / mL	2016 (updated with inflation)
Russia	Specific, (1) Each unit, (2) liquid by volume	(1) RUB 40 / unit (2) RUB 10/mL	(1) \$0.81 / unit (2) \$0.20 / mL	2017
Saudi Arabia	Ad valorem, pre-tax price	100%	100%	2019
Serbia	Specific, by volume	RSD 4.25 / mL	\$0.053 / mL	2015 (increased in 2018)
Slovenia	Specific, by volume	€ 0.18 / mL	\$0.2574 / mL	2016
South Korea	Specific, liquid by volume For Green fund, per cartridges	(1) KRW 628/mL (Excise tax); (2) K525 / mL (National Health Promotion Fund); (3) KRW 370/mL (Individual Consumption Tax); (4) KRW 276 / mL (Local Education Tax); (5) KRW 24.per 20 cartridges	(1) \$0.69 / mL (2) \$0.57 / mL (3)\$0.40 / mL (4)\$0.30 / mL (5) \$0.03 / 20 cartridge	2011 (Excise); 2015 (National Health Promotion Fund); 2015 (Individual Consumption tax) 2015 (local education tax increase)

⁵ As noted on Vapour Products Tax data centre unless otherwise specified.

⁶ Conversion rate August 2019

Taxes imposed on vaping products, U.S. states and municipalities

State/District	Type and base	Amount (USD)	CAD Equivalent	Effective date
Alaska				
Matanuska-Susitna Borough, Alaska	Ad valorem, wholesale price	55%	55%	2015
Juneau, Alaska	Ad valorem, wholesale price	45%	45%	2015
California	Ad valorem, Wholesale price	62.78%	62.78%	2017 (rate adjusted in 2018)
Delaware	Specific, Liquid by volume	\$0.05 / mL	\$0.065 / mL	2018
Illinois	Ad valorem, wholesale price	15%	15%	2019
Cook County, Illinois	Specific, Volume of liquid	\$0.20 / mL	\$0.266 / mL	2016
Chicago, Illinois	Product unit and volume of liquid	\$1.50 / unit plus \$1.20 / mL	\$1.99 / unit plus \$1.60 / mL	2016 (revised 2019)
Kansas	Specific, liquid by volume	\$0.05 / mL	\$0.665 / mL	2015 (lowered in 2017)
Louisiana	Specific, volume of consumable nicotine liquid	\$0.05 / mL	\$0.665 / mL	2015
Maryland				
Montgomery Country, Maryland	Ad valorem, wholesale price	30%	30%	2015
Minnesota	Ad valorem, wholesale price	95%	95%	2012, increased in 2013.
Nevada	Ad valorem, wholesale price	30%	30%	2019.
New Jersey	Specific, volume of liquid	\$0.10 / mL	\$0.13 / mL	2018
New Mexico	Mixed, (1) wholesale price, (2) closed system cartridge	(1) 12.5%, (2) \$0.50/cartridge	(1) 12.5% (2) \$0.665 / cartridge	2019
North Carolina	Specific, Liquid by volume	\$0.05 / mL	\$0.665 / mL	2015
Ohio	Specific, 0.10 mL or 0.1 mg if solid	\$0.10 / mL	\$0.13 / mL	2019
Pennsylvania	Ad valorem, wholesale price	40%	40%	2016
Vermont	Ad valorem, wholesale price	92%	92%	2019
Washington, DC	Ad valorem, wholesale price	95%	95%	2015 (rate increased in 2018)
West Virginia	Specific, Liquid by volume	\$0.075 / mL	\$0.10 / mL	2016