

Illegal Tobacco Products Research Surveys 2016

Survey fieldwork conducted in October/November 2016, results published April 2017

Any queries in relation to the results of these surveys can be addressed to Revenue's Statistics & Economic Research Branch (statistics@revenue.ie).



Background and Objectives

Each year since 2009, the Office of the Revenue Commissioners, in conjunction with the HSE's National Tobacco Control Office, has commissioned Ipsos MRBI to conduct independent market research among smokers about the source of their cigarettes. The purpose of this research is to estimate the volume of non-Irish duty paid cigarettes being consumed in Ireland. Since 2013, this has been complemented by an additional survey on roll your own tobacco.

Key Findings of the 2016 Cigarette Survey

Legality of Packs

The key findings of the 2016 cigarette survey in respect of legality of packs:

- 10% of the packs held by smokers surveyed are classified as illegal.
- A further 8% of the packs are found to be legal Non-Irish Duty Paid.

Of the 10% of packs found by the survey to be illegal:

- 7.9% are classified as contraband (i.e., normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here);
- 2.1% are classified as "illicit whites" (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and
- No counterfeit packs (cigarettes manufactured without authorisation of the rightful owners, with intent to deceive consumers and to avoid paying duty).

A summary of the key findings for 2009 to 2016 surveys is as follows:

Year	Illegal Packs	Legal Non-Irish Duty Paid Packs*
2009	16%	6%
2010	15%	9%
2011	15%	8%
2012	13%	7%
2013	12%	5%
2014	11%	6%
2015	12%	6%
2016	10%	8%

* These reflect legal cross border purchases.

Consumption Estimates

Population estimates are combined with smoking prevalence and consumption rates to provide an estimate of total cigarette consumption in Ireland in 2016. The prevalence of Irish smokers in the population is weighted to the 19% 2016 Healthy Ireland smoking prevalence figure.

The total cigarette consumption in Ireland in 2016 is estimated to be 4.2 billion (207 million packs). At an illicit rate of 10%, it is estimated that approximately 412 million illegal cigarettes

(20.6 million packs) are consumed in Ireland in 2016. In this context, “illegal cigarettes” means contraband, illicit whites or counterfeit cigarettes.

Notional Estimated Loss to the Exchequer

The consumption of 412 million illegal cigarettes represents a notional loss to the Exchequer of approximately €170 million (Excise & VAT), assuming that the illegal cigarettes consumed would displace the equivalent full tax paid quantity of cigarettes.

Summary

The consistency of the 2016 results with the preceding years’ figures indicates the market penetration of illicit cigarettes is being contained and is now estimated to be in the region of 10%. The reduction in the estimated tax loss compared to the 2015 survey reflects the updated prevalence and consumption figures available for the 2016 estimate.

Key Findings of 2016 Roll Your Own Survey

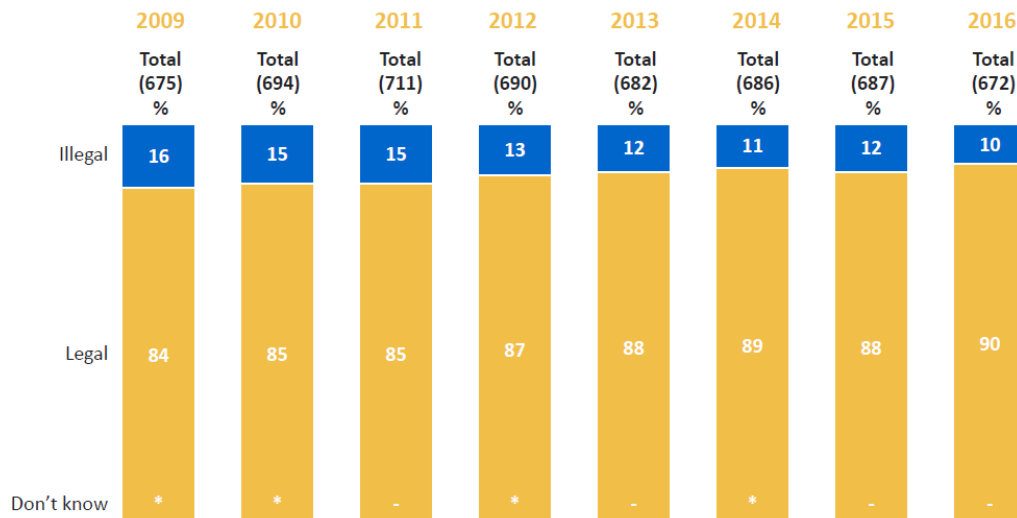
A second survey was conducted in 2016 to ascertain the incidence of illegal packs of “roll your own” (or pouch) tobacco. The survey found that 9% of the packs held by smokers surveyed are illegal, and that a further 3% are legal Non-Irish Duty Paid.

This survey was first conducted in 2013, results for all years are shown in the table below.

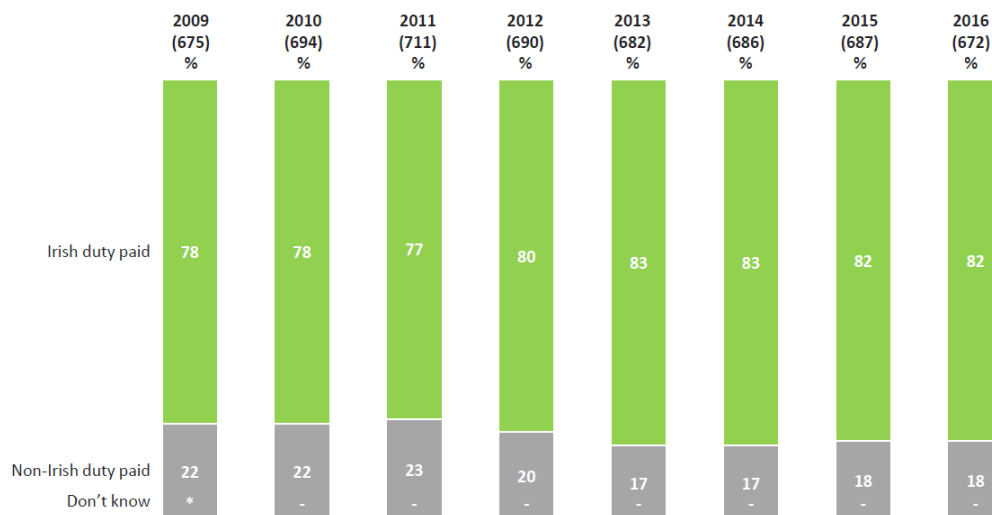
Year	Illegal Packs	Legal Non-Irish Duty Paid Packs
2013	15%	2%
2014	14%	2%
2015	9%	1%
2016	9%	3%

The following charts highlight some of the key trends from the cigarette surveys.

Legality of Packs



Breakdown of Pack Types



Breakdown of Illicit Pack Types

