

Illegal Tobacco Products Research Surveys 2015

Survey fieldwork conducted in October/November 2015, results published April 2016



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

Background and Objectives

Each year from 2009 to 2015, the Office of the Revenue Commissioners, in conjunction with the HSE's National Tobacco Control Office (formerly the Office of Tobacco Control), has commissioned Ipsos MRBI to conduct independent market research amongst smokers about the source of their cigarettes. The purpose of this research is to estimate the volume of illegal cigarettes being consumed in Ireland. Since 2013, this has been complemented by an additional survey on roll your own tobacco.

Key Findings of 2009 to 2014 Cigarette Surveys

A summary of the key findings for 2009 to 2014 surveys are 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%

* These reflect legal cross border purchases.

Key Findings of 2015 Cigarette Survey

Legality of Packs

- 12% of the packs held by smokers surveyed in 2015 were classified as illegal.
- A further 6% of the packs were found to be legal Non-Irish Duty Paid.

Contraband, "Illicit Whites" and Counterfeit

Of the 12% of packs found by the survey to be illegal:

- 9.5% classified as contraband (i.e., normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here);
- 2% classified as "illicit whites" (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and
- Less than 1% classified as counterfeit (cigarettes manufactured without authorization of the rightful owners, with intent to deceive consumers and to avoid paying duty). Similar amounts of counterfeit were also found in the 2012 and 2011 surveys.

Consumption Estimates

Population estimates are combined with smoking prevalence and consumption rates to provide an estimate of total cigarette consumption in Ireland in 2015. The prevalence of Irish smokers in the population was weighted to the 18% 2015 Healthy Ireland smoking prevalence figure. This

represents a change from previous years which were weighted to an earlier Slán estimate of 23% daily smoking prevalence.

The total cigarette consumption in Ireland in 2015 is estimated to be 5.2 billion. At an illicit rate of 12%, it is estimated that approximately 488 million illegal cigarettes were consumed in Ireland in 2015. In this context, "illegal cigarettes" means contraband, Illicit Whites or counterfeit cigarettes, which neither pay tax in the State, nor are brought into the State by way of legal cross-border purchases.

Estimated Loss to the Exchequer

The consumption of 488 million illegal cigarettes represents a loss to the Exchequer of approximately €192 million (Excise & VAT), assuming that the illegal cigarettes consumed displaced the equivalent full tax paid quantity of cigarettes.

Summary

The consistency of the 2015 results with the preceding year's figures indicates the market penetration of illicit cigarettes is being contained and is estimated to be in the region of 12%. The reduction in the estimated tax loss compared to the 2014 survey reflects the updated prevalence and consumption figures available for the 2015 estimate.

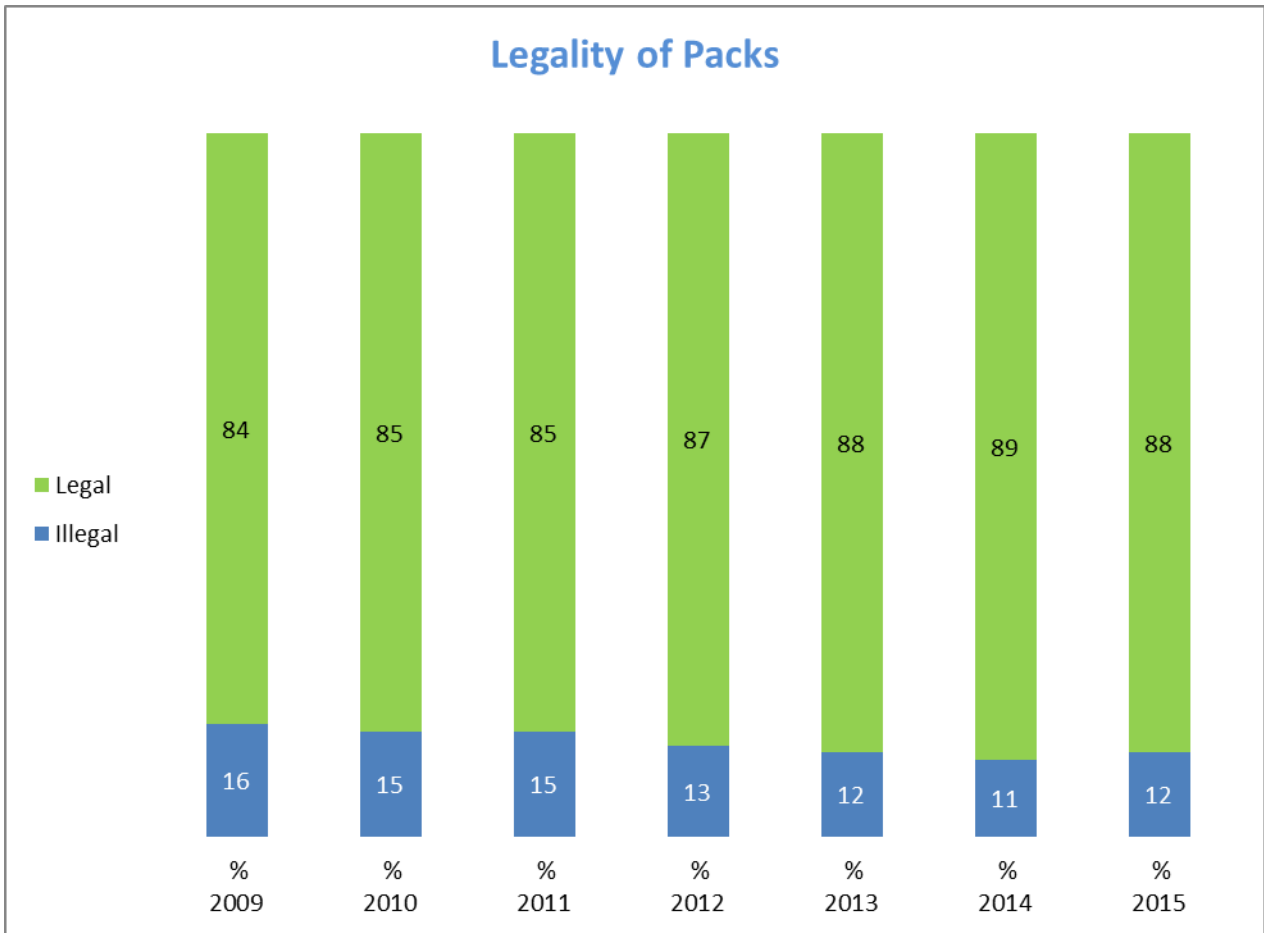
Key Findings of 2015 Roll Your Own Survey

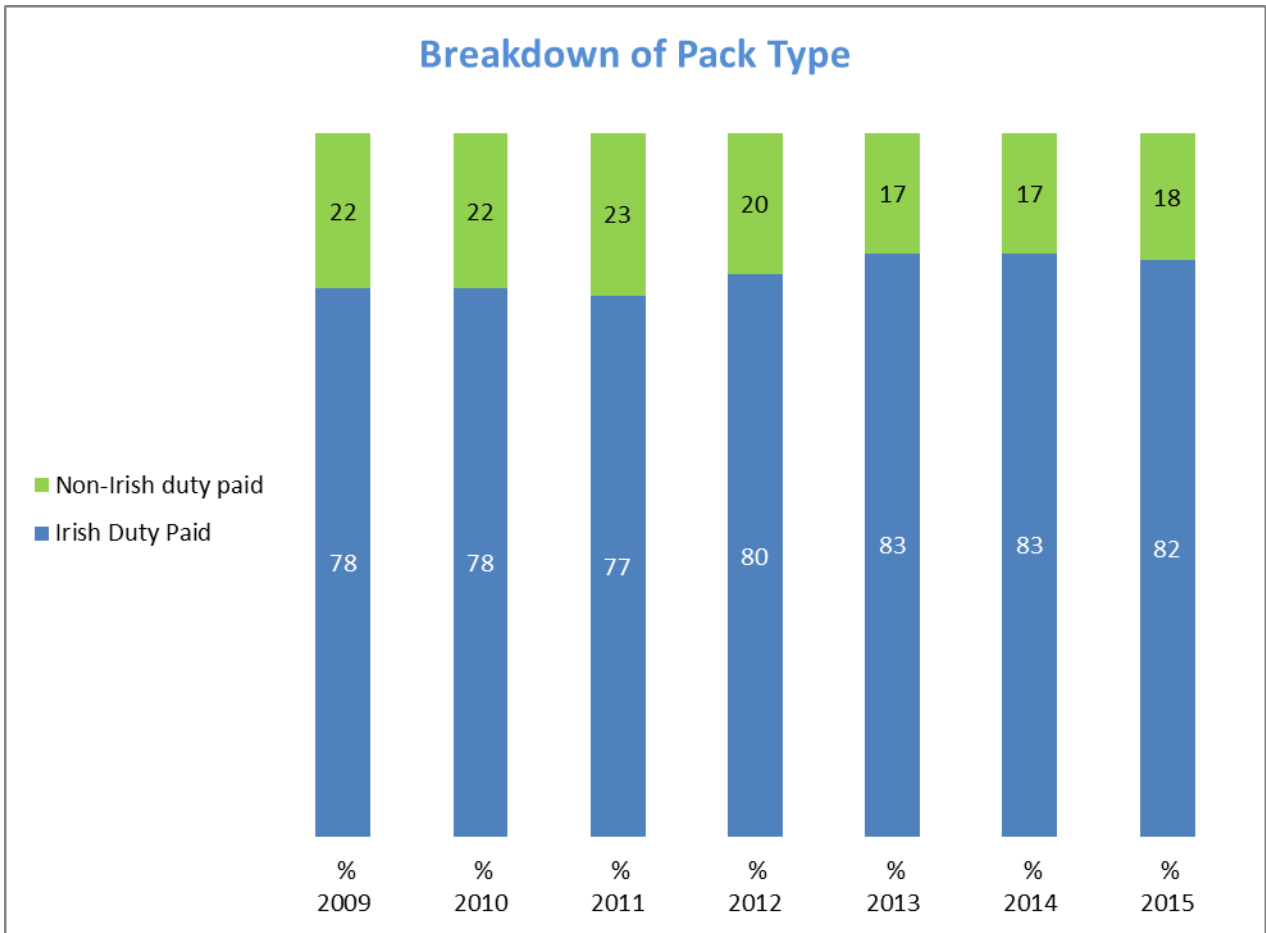
A second survey was conducted in 2015 to ascertain the incidence of illegal packs of "roll your own" tobacco. The survey found that 9% of the packs held by smokers surveyed were illegal, and that a further 1% were legal Non-Irish Duty Paid.

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

Year	Illegal Packs	Legal Non-Irish Duty Paid Packs
2013	15%	2%
2014	14%	2%

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





Contraband/Illicit Whites/Counterfeit 2015

