

Illegal Tobacco Products Research Surveys 2021

Ipsos MRBI conduct independent surveys of smokers each year for Revenue and the HSE's National Tobacco Control Office.



Cigarette Survey 2021

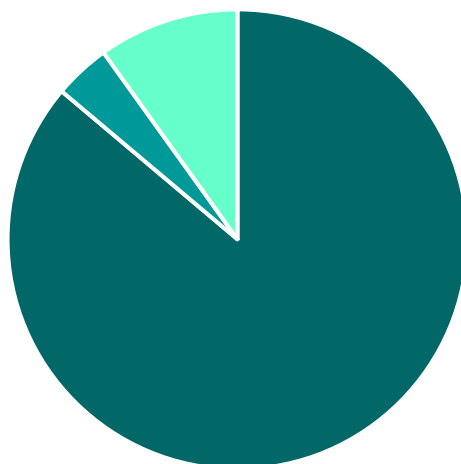
13%

of the packs held by smokers surveyed are classified as illegal

8%

of the packs are found to be legal but Non-Irish Duty Paid

Classification of Illegal Packs



■ Contraband ■ Illicit Whites ■ Counterfeit

89%

Contraband: normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled in

4%

“Illicit whites”: cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market

7%

Counterfeit: cigarettes manufactured without authorisation of the rightful owners, with intent to deceive consumers and to avoid paying duty

The notional estimated loss to the Exchequer on 22.7 million illegal cigarette packs is around €264 million.

Roll Your Own Survey 2021

13%

of the packs held by smokers surveyed are classified as illegal

5%

of the packs are found to be legal but Non-Irish Duty Paid

1 Background and Objectives

Each year since 2009, Revenue, 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 cigarette research has been complemented by an additional survey on roll your own tobacco.

The results of the cigarette and roll your own surveys are summarised at:

<https://www.revenue.ie/en/corporate/information-about-revenue/research/surveys/tobacco-consumption-survey/index.aspx>.

Following a review by the Comptroller & Auditor General, Revenue published a summary of the surveys' methodologies in 2019, available at: <https://www.revenue.ie/en/corporate/information-about-revenue/research/surveys/tobacco-products-research-methodology/index.aspx>.

The surveys were paused in 2020 due to the COVID-19 pandemic and the associated public health restrictions. The surveys resumed in 2021 and this report summarises their findings.

2 Key Findings of the 2021 Cigarette Survey

2.1 Legality of Packs

The key findings of the 2021 cigarette survey in respect of legality of packs:

- 13% of the packs held by smokers surveyed are classified as illegal; and
- A further 8% of the packs are found to be legal Non-Irish Duty Paid (i.e., they were legally purchased in another jurisdiction and brought into Ireland by the smoker).

The survey has an estimated +/- 2.5% margin of error (at a 95% confidence margin).¹

Of the 13% of packs found by the survey to be illegal:

- 89% are classified as contraband (normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here);
- 4% are classified as “illicit whites” (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and
- 7% are counterfeit (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 2021 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%
2017	13%	9%
2018	13%	9%
2019	15%	9%
2021	13%	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 2021. The prevalence of smokers in the population is weighted to the Healthy Ireland smoking prevalence figure.²

Based on estimated total cigarette consumption, at an illicit rate of 13% in 2021, approximately 22.7 million illegal packs are consumed in Ireland. In this context, “illegal cigarettes” means contraband, illicit whites or counterfeit cigarettes.

¹ The margin of error calculated at a 13% proportion at 95% confidence level is 12.5% - 17.9%.

² <https://www.hse.ie/eng/about/who/tobaccocontrol/research/>.

Notional Estimated Loss to the Exchequer

The consumption of 22.7 million illegal cigarette packs represents a potential loss to the Exchequer of approximately €264 million (Excise & VAT). This is viewed as a *notional* loss in Exchequer tax revenue as it assumes that the illegal cigarettes consumed would displace the equivalent full tax paid quantity of cigarettes, which is unlikely to be the case.

Summary

The 2021 results suggest numbers of both illegal and legal Non-Irish Duty Paid packs remain relatively stable compared to the earlier survey results.

3 Key Findings of the 2021 Roll Your Own Survey

A second survey is conducted each year (since 2013) to ascertain the incidence of illegal packs of roll your own (or pouch) tobacco.

In 2019, following a recommendation of the Comptroller & Auditor General, the sample size of the survey was doubled to 400. This should be borne in mind when comparing results from 2019 onwards to prior years.

The 2021 survey found that 13% of the packs held by smokers surveyed are illegal and that a further 5% are legal Non-Irish Duty Paid.

The survey has an estimated 3.2% margin of error (at a 95% confidence margin).³

This survey was first conducted in 2013, results for all years are shown in the table below. The marked decrease in 2019 likely reflects, at least in part, the larger sample size compared to previous years. The findings for 2019 and later years should be more robust and accurate as a result.

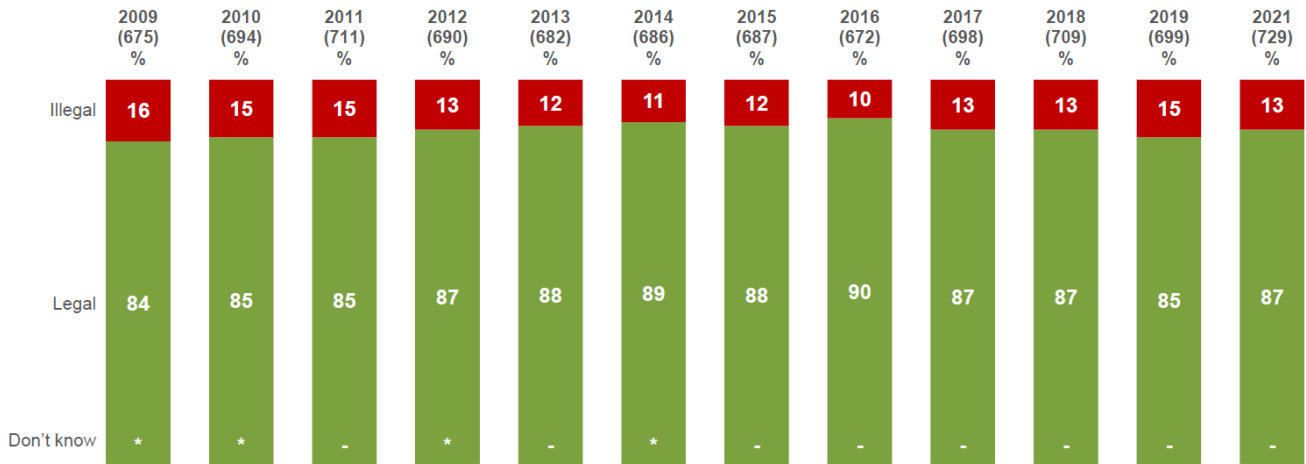
Year	Illegal Packs	Legal Non-Irish Duty Paid Packs
2013	15%	2%
2014	14%	2%
2015	9%	1%
2016	9%	3%
2017	15%	4%
2018	21%	7%
2019	12%	7%
2021	13%	5%

³ The margin of error calculated at a 13% proportion at 95% confidence level is 8.5% - 15%.

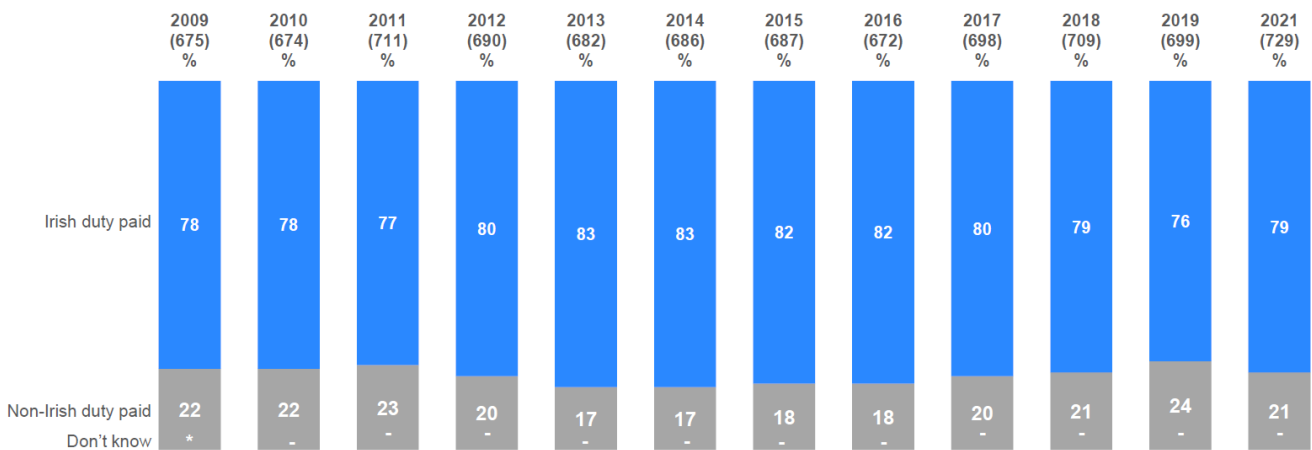
4 Charts

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

