



TOBACCO TAX INCREASE BACKGROUNDER



Department of Finance - Taxation and Risk Management
Government of Nunavut

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Tobacco Tax to be increased on December 15

IQALUIT, Nunavut - Effective at midnight on December 15, 2006, the Nunavut Tobacco Tax on cigarettes and cigarette tobacco will be increased.

The Minister announced the increase today in the Legislative Assembly as part of his Economic Update. The Tobacco Tax increase is one of several measures designed to improve the Government's financial position in the coming fiscal year.

The tax on a carton of cigarettes will rise from \$31.20 to \$42.00, an increase of \$10.80 per carton, or \$1.35 per package of 25. The tax on a gram of loose or cigarette tobacco will be increased from 8.6 Cents per gram to 14 cents per gram. For a typical 50 gram pouch of tobacco, this will be an increase of \$2.70.

Tobacco Taxes in the Territory have not been changed since May of 2002. At \$31.20 a carton, the current tax is middle of the pack compared to other jurisdictions in Canada. Currently the GNWT has the highest rate, at \$42.00 per carton, in the country while Quebec has the lowest, at \$20.60 per carton. The proposed tax increase will see Nunavut's tax rate tie the Northwest Territories as the highest in the country.

Given the high incidence of smoking in the territory, and the high health care costs associated with tobacco related diseases, it is imperative for the Government to be concerned about ways of reducing smoking. It is a proven truth that raising the price of tobacco reduces the amount of tobacco purchased, reducing the amount that people smoke, reducing the number of people who do smoke, and discouraging our children, our most valuable resource, from ever starting.

The increase in Tobacco Tax is consistent with the Pinasuaqtavut objective of promoting Inuuqatigiittiarniq (healthy communities). A higher tax on tobacco will promote and encourage a healthier lifestyle for all Nunavummiut, while at the same time generating revenue to help off-set the inevitable future demand for health services relating to tobacco use.

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