



Implement excise duty on nicotine vape e-liquids to increase tax revenue for the country

KUALA LUMPUR, 24 June 2021 – Local vape associations are urging the government to quickly implement excise duty for vape e-liquids with nicotine to maximise the tax revenue collected from the vape industry.

These comments are following a recent report where the Customs department stated that the excise collection for vape liquids amounted to less than RM100,000 in the first quarter of 2021, much lower than the RM300 million excise duty revenue estimated by the Malaysian Vape Chamber of Commerce (MVCC).

Previously, the MVCC had estimated that the government would be able to collect tax revenue amounting to RM300 million if the excise duty imposed on the vape industry covers products containing vape e-liquids with nicotine.

However, currently, the government only imposes a 0 percent excise tax on vape devices and 40 cents on each milliliter of non-nicotine vape e-liquids, effective 1 January 2021.

“We are already in the second quarter of 2021 and if only RM100,000 is collected in the first quarter of this year, then this shows that the taxation framework on vape products is ineffective as it does not cover all the products sold in the market. The government must take into account our proposal to implement excise duties on vape e-liquids with nicotine to maximise the amount of tax revenue collected from the vape industry.”

“If excise duty is implemented for vape e-liquids with nicotine, the government will be able to gain additional revenue that can be injected into the country, more so at time like this where funds are needed to combat the pandemic,” said **Ashraf Rozali, DPVM’s Head of Information.**

According to reports by the Malaysian Ministry of Health, there are approximately 1.12 million vape users in Malaysia.

According to Ashraf, the current low tax collection is due to the fact that excise duty is only imposed for non-nicotine vape e-liquids which makes up only 3% of the vape market. Meanwhile, the majority of the market (97%), which comprises vape e-liquids with nicotine is currently not taxed unregulated.

According to **Malaysian Vape Industry Advocacy (MVIA) President, Rizani Zakaria**, the industry is open to work with the government to provide input and participate in any discussions to develop regulations for the vape industry.

“Industry players have always supported the government in its move to implement a taxation framework on vape e-liquids with nicotine. If the government decides to implement this excise duty, the government will be able to collect more tax revenue from the vape industry.”



"In this difficult period, many are facing various problems, especially in terms of economic and employment opportunities. I believe the vape industry can be one of the sectors that helps revive the country's economy by providing high yields to the government as well as employment opportunities. Therefore, I hope the government considers the opportunities in this industry. All that needs to be done is to refine the taxation framework and implement it," **Rizani** added.

He added that although the vape industry does not receive much attention from the government, but the fact is that this industry is currently valued at RM2.27 billion and has the capability to garner tax revenue for the country, if a taxation framework is implemented properly.

Industry players are also of the opinion that the implementation of excise duty for vape e-liquids with nicotine as well as regulations for the vape industry can improve the overall industry ecosystem and benefit all.

"Although there is no regulation, the vape industry has grown rapidly. Imagine if the government focuses on the industry and implements regulation, really pays attention and regulates, we are confident that the local vape industry will be one of the main contributors to the national economy," **Rizani** concluded.

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About Malaysian Vape Industry Advocacy (MVIA)

MVIA is a non-profit advocacy group that supports Malaysian vape entrepreneurs and businesses. It aims to represent the Malaysian vape industry and provide a voice for the industry with government bodies, regulators, enforcement agencies and other interested parties.

About the Malaysian Vape Chamber of Commerce (MVCC)

Established in 2015, the Malaysian Vape Chamber of Commerce (MVCC) is the one and only society related to vape registered with the Registrar of Societies under Malaysia's Ministry of Home Affairs. Our priority is to help make the vape industry in Malaysia be more competitive and structured as a whole. With the help of our dedicated members, we have organised awareness campaigns, community-building events, in-depth training and engagement sessions with government agencies.

For more information, please visit our website at <https://vapemalaysia.org/> or our Facebook page at <https://www.facebook.com/DewanPerniagaanVapeMalaysia>.