

Vape tax: Engage all stakeholders to avoid black market growth

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by SHAFIQUL ALIFF

THE government should have engagement efforts with industry players on regulating e-cigarettes and vape to create a lasting legislation framework advantageous to all, says MCA Youth.

"MCA Youth believes that it is time for vape-related industry players to be given a platform through the Ministry of Health (MoH) and other relevant ministries to resolve this issue that affects public health, local economy and our younger generations," its spokesperson Ryan Ho Kwok Xheng said in a statement.

"We need to strike an important balance between health and economy to mitigate the impacts on the stakeholders," he added,

noting that vape is a fast-expanding industry.

According to a *Free Malaysia Today* news report recently, the industry contributes RM2 billion to the national economy every year.

Meanwhile, research conducted by market research company, Green Zebras Sdn Bhd revealed that 73% of Malaysians believe the rise in the excise tax rate for vape liquids at RM1.20 per ml is too excessive and might lead to an 85% increase in the black market.

The study was commissioned by the Malaysian Vape Industry Advocacy (MVIA) with a sample size of 1,000 Malaysian adults.

It also revealed more than 90% believe the government should set a tax rate on vape products where it can prevent consumers from

switching to black market products.

Meanwhile, 75% believe that taxes must remain low for prices to remain competitive.

MVIA president Rizani Zakaria said these findings reinforce views from the industry players that the tax rate for vape liquids is too high which will cause prices of vape liquids to skyrocket.

He said the government needs to be mindful of the negative repercussions when it comes to formulating the tax policy as it will impact the local vape industry.

"Given that Customs has recently announced the postponement in implementing the newly announced excise rate, the results from this opinion poll is therefore timely.

"We hope it will provide an

insight to the government that a sensible approach needs to be taken when it comes to the taxation framework for the industry and urge the government to maintain the rate at 40 sen per ml," he said.

The survey also shows that Malaysians are encouraged by the progress made by the vape industry, as the balanced taxation framework can generate additional revenue for the government and improve the quality and safety standards of vape products.

The implementation of the taxation framework will see consumers able to access legal and regulated products.

Rizani added Malaysia is progressing in the right direction since industry taxation and regulations

are a step in the right direction to ensure customers buy products that meet product and safety requirements.

He added at the same time, the government also needs to be balanced to ensure the products are not taxed and regulated the same way as cigarettes given vape products are proven to be less harmful and can help smokers to quit smoking.

"We also read that the MoH is looking to table new laws in Parliament soon to regulate vape products.

"To date, we have not had a proper consultation with the government on the regulations and we urge the government to involve us in discussions before making any decisions," Rizani added.