QoN 008-02 Do you have a view about the tax treatment of nicotine for e-cigarettes?

Response:

To encourage people to switch to a lower risk option, nicotine vaping products should be taxed at a much lower rate than smoked tobacco products to ensure they are lower priced (see Chaloupka et al 2015).

Our own research supports this approach for smokeless tobacco (Gartner et al 2010), and these findings are likely to also hold for vaping products. In our previous research, we asked a sample of Australians who smoked tobacco regularly their purchasing intentions at different prices for cigarettes and low nitrosamine smokeless tobacco (LNSLT), a reduced risk tobacco product. Just under half (48%) were willing to buy an LNSLT product. Predictors of an interest in purchasing LNSLT were low income, poorer health, prior SLT use, belief that SLT is less harmful than cigarettes, switching to a lower tar cigarette in the past year, ever using nicotine replacement therapy products for quitting or other reasons, having made a failed cessation attempt in the previous year and not planning to quit smoking. Analysis of quitting and LNSLT purchasing intentions under different scenarios suggested that making LNSLT available at a much lower price than smoked cigarettes while increasing taxes on cigarettes could provide a greater reduction in the number of people who smoke than would be achieved by the same tax increase alone.

We recommend the committee read the article by Chaloupka et al. (2015) on this topic. Professor Chaloupka is a world expert on tobacco taxation and highly regarded and respected internationally (e.g. see press release from Cancer Council WA).

References

Chaloupka FJ, Sweanor D, Warner KE. Differential taxes for differential risks—toward reduced harm from nicotine-yielding products. N Engl J Med. 2015 Aug 13;373(7):594-7.

Gartner CE, Jimenez-Soto EV, Borland R, *et al.* Are Australian smokers interested in using low-nitrosamine smokeless tobacco for harm reduction? *Tobacco Control* 2010;**19:**451-456.