

RAISING THE RISK

EXCISE HIKE IS A BLOW FOR CONSUMERS AND A BOON FOR CRIMINALS...

Saturday, 25 September - AN IMMEDIATE increase in excise rates is another gift for criminals in illicit trade as hard-up Kenyans struggle to cope with the soaring cost of living, Stop Crime Kenya (StoCK) warns today.

The inflation-linked excise hike of 4.97% comes into force on October 1 and spells further bad news for consumers reeling from recent record fuel prices.

“Kenya’s high taxes are already to blame for the smuggling of a range of goods from neighbouring countries where rates are dramatically lower,” says StoCK chairman Stephen Mutoro.

“For instance, cigarettes are 25% more expensive in Kenya than Uganda and a bottle of beer is twice the price. Diesel is currently selling at Sh60 a litre in Ethiopia, compared to Kenya’s pump price of Sh109.8.

“The upcoming increases will widen the gap further and boost the profit margins of criminals involved in illicit trade, while stretching the resources of honest, hard-working citizens.

“It’s neither just nor rational to take money from the people without stepping up measures to combat the illicit economy, which robs us of Sh153 billion in tax revenue annually.”

As a result of the upcoming increases, consumers will pay Sh5.77 more for a litre of beer while prices for spirits will rise by up to Sh13.20.

A litre of petrol will rise by Sh1.09, while diesel and kerosene will increase by Sh0.566 per litre each.

The price of a packet of 20 cigarettes will increase by Sh3.20 in line with the rise in excise tax from Sh66.20 to Sh69.40, while the duty on bottled water will rise from Sh3.31 to Sh3.47 per litre.

[A consumer survey commissioned by StoCK in August](#) found that illicit trade is commonplace throughout Kenya, but hardly anyone realises its true, devastating cost.

Mr Mutoro said: “Illicit products put the lives of citizens at risk and destroy legitimate businesses and honest jobs.

“While enriching criminals, they reduce the revenue that Government needs to deliver basic services to the poor and vulnerable, such as old-age grants, schools, clinics and a vaccine roll-out programme to deal with the Covid-19 pandemic.

“Instead of providing incentives for illicit trade with excise increases that hit honest citizens, Government should focus on collecting the taxes that are being evaded in the shadow economy.”

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