



For Immediate Release

Africa Must Act to Check Corporate Tax Avoidance by British American Tobacco (BAT)

Statement of Deowan Mohee, Executive Secretary, African Tobacco Control Alliance (ATCA)

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[A recent report released by Tax Justice Network](#) (TJN) shows that British American Tobacco (BAT) avoids paying full corporate tax in low-and middle-income countries where it operates.

For every dollar that the giant multinational paid as corporate tax in the 8 countries covered by the report, it shifted more than half a dollar that would have been taxed locally to a subsidiary in the UK through tax avoidance practices. It is estimated that such practices will cause a total loss of over US\$700 million by 2030 to these countries.

The investigation of Tax Justice Network unveils the opaque and unethical practices of BAT to siphon huge amounts of money from developing countries by avoiding full corporate tax. This does not prevent the multinational from proclaiming that it conducts business with high standards of behaviour and integrity.

The tobacco industry is well known for lobbying governments to keep excise taxes low and tobacco products affordable. With the release of this report, the two-pronged tax strategy of BAT to maximise profits, namely, maintaining excise taxes low and avoiding corporate tax, is exposed.

Africa is no exception to the tax avoidance manoeuvres of BAT. Three of the 8 countries covered by the report are from the continent: Kenya, Uganda and Zambia. BAT is resorting to these tax avoidance practices at a time when these countries, and Africa as a whole, lack resources to cope with a galloping tobacco epidemic with serious health and economic consequences. In Kenya, the economic cost of smoking is estimated to be US\$29 million.

The findings of the report warrant an investigation from authorities in Kenya, Uganda and Zambia to look into the corporate tax avoidance mechanisms of BAT. Corrective measures are urgently required to make tobacco companies more transparent and accountable in their tax behaviour.

While making efforts to prevent corporate tax avoidance, countries in the region should also increase the excise tax on tobacco products to 70% or more of the retail price, as recommended by WHO. Excise taxes are very low in the vast majority of African countries, despite them offering immense potential of generating significant amount of revenue for tobacco control and health and development in general.

The African Tobacco Control Alliance (ATCA) encourages tobacco control civil society in the region to initiate action for exposing and denouncing BAT for these malpractices, and advocate with authorities to implement the recommendations of the report to avoid a repeat of such corporate bad behaviour.

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