



THE TOBACCO INSTITUTE OF SOUTHERN AFRICA

MEDIA RELEASE

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SARS and SAPS seize more contraband cigarettes

Law enforcement officials demonstrated their intent to shut down the illegal trade in cigarettes by seizing nearly 700,000 illegal cigarettes in various interventions across the country between 6 and 9 March 2012.

Customs officials from the South African Revenue Service (SARS) seized over 100,000 illegal cigarettes from a reseller in the Mitchell's Plain area in Cape Town on 6 March 2012. Officials confiscated an additional 140,000 illegal Chicago cigarettes the following day (7 March 2012) from another retailer in Cape Town. Both sets of cigarettes were detained by officials.

In Durban, members of the South African Police Service (SAPS) seized over 250,000 contraband cigarettes from informal resellers operating in the city. The 'Aspen', 'Kingdom' and 'Mega' cigarettes were transferred to the state warehouse and two arrests were made.

Authorities were kept busy in Eastern Gauteng on 8 and 9 March 2012 with a number of seizures in which over 170,000 illegal cigarettes were recovered. SAPS and SARS officials conducted raids on retailers and resellers in Boksburg, Brakpan, Middelburg, Springs and Tsakane, seizing a number of illicit brands including 'Mega', 'York', 'Governor', 'Aspen', 'Pacific', 'Remington Gold' and 'Sevilles'.

"We commend the concerted effort by SARS and SAPS in addressing the illegal trade in cigarettes," says Francois van der Merwe, CEO of the Tobacco Institute of Southern Africa (TISA). "Illegal traders are costing the country as much as R4-billion in excise duties and VAT not paid. It is also crippling the legal tobacco industry as the illegal cigarettes are mostly sold at prices that do not even cover the taxes. As a result the legal industry's volumes have declined

by more than 30% over the past decade, resulting in closure of factories and job losses in factories and on farms in deep rural areas," Mr van der Merwe added.

This is money that could be spent on education, poverty alleviation as well as much needed infrastructure development. Consumers looking to save money by purchasing cheaper and often illicit cigarettes are unwittingly supporting crime.

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NOTE TO EDITORS

Penalties:

The penalties if a retailer, or reseller, is caught with illicit products and prosecuted under the Customs and Excise Act (evasion of taxes) are: A fine of R20 000 or three times the value of the goods, depending on which one is the greatest; or up to 5 years in prison. A person prosecuted can therefore pay a fine and go to jail.

How to Spot Illegal Cigarettes:

- 1) Paying less than R 15.00 for a pack of 20s (suspect price)
- 2) There is no excise stamp on the pack
- 3) The tar and nicotine readings are higher than 12 mg Tar and 1.2 mg respectively
- 4) There are no health warnings on the pack

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