

MEMORANDUM ON TAX ADJUSTMENTS FOR CONSIDERATION BY THE NATIONAL ASSEMBLY ON THE FINANCE BILL, 2025 (NATIONAL ASSEMBLY BILLS NO. 19 OF 2025)

Introduction

We, the **Youth Coalition for Tobacco Control**, are a collective of young people from across Kenya, dedicated to addressing the public health crisis caused by the use of tobacco and nicotine products by youth in and out of schools, especially universities.

We from various institutions, including:

As Youth Coalition for Tobacco Control,

We recognise the widespread use of tobacco among young people in Kenya where 1 in 5 university students has ever used a tobacco product and 12% of university students presently use tobacco (NACADA, 2025) in Kenya;

Are quite concerned about the significant and long-term health consequences—including the rise in non-communicable diseases (NCDs), mental health conditions, and addiction—associated tobacco use;

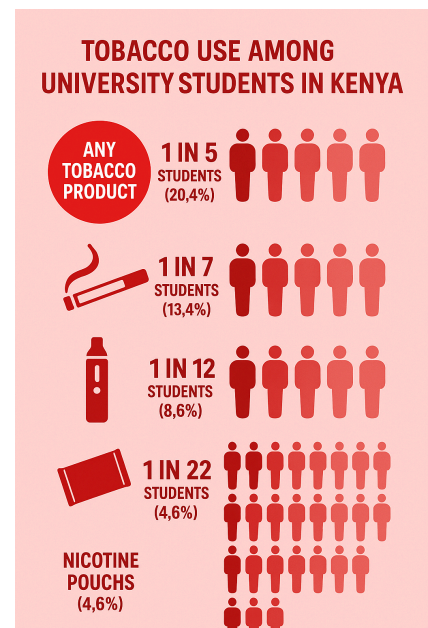
And alarmed by the growing burden these preventable conditions place on Kenya's universal healthcare system and the increasing strain on the country's social health financing mechanisms;

We hereby submit to the National Assembly Finance and Planning Committee, our humble prayer for consideration on the matter of the **FINANCE BILL, 2025 (NATIONAL ASSEMBLY BILLS NO. 19 OF 2025)**:

The problem

The burden of Non-Communicable Diseases (NCDs) is rising in Kenya, currently accounting for 39% of total deaths and more than 50% of hospital admissions in the country. This problem continues to place a strain on the health system, further exacerbating the burden and challenges that the public and government are facing, respectively, in accessing social health coverage. At the centre of the NCD epidemic, tobacco use is a key risk factor, causing more than 8,000 deaths in Kenya annually; yet this is one of the most preventable causes of disease and death.

Additionally, taxation is a cost-effective measure for reducing the consumption of tobacco products and the associated health effects while generating government



revenue. Unfortunately, Kenya has not fully explored tobacco taxation as a public health intervention. Specifically:

- The tax rates on tobacco products are still low and fall below the recommended threshold by the World Health Organisation that taxes should form at least 70% of the price share of tobacco products. We are below 40%.
- Secondly, taxes on emerging nicotine products, such as oral nicotine pouches and electronic cigarettes, are much lower, yet these products are highly marketed to children and the youth. Additionally, these products are a gateway to initiating the youth into smoking.
- Excise taxes on tobacco products are not adjusted to inflation, meaning that the value of the excise and price of tobacco products become eroded over time, making the products affordable over time. This is dangerous as it erodes the efforts and essence of tobacco taxation as a public health measure.

We have noted that the Finance Bill 2025 does not have provisions on increasing tobacco taxes. Whereas we applaud and appreciate the government through the National Assembly and other entities for increasing tobacco taxes through the Tax Laws (Amendment) Act passed in December 2024, we still call for increased efforts to increase and strengthen tobacco taxation to progressively and effectively address the tobacco epidemic. By not increasing tobacco taxes this year, the government is losing the opportunity to generate the much-needed revenue while delaying action towards protecting public health, particularly the youth.

Proposals

The increase of excise tax on tobacco products is considered the most effective way of addressing the tobacco epidemic, and a win-win-win strategy in that it leads to reduced consumption and associated health problems; it prevents initiation of non-users, hence protecting the youth from picking up the habit, and it provides an avenue for government revenue.

We propose that:

- The government adopts a proactive approach to progressively increase tobacco taxes to reach, at a minimum, the recommended rate by the WHO
- The tax structure for emerging tobacco and nicotine products should be reformed and simplified to ensure effective administration, enforcement and to make the products less affordable
- The inflation adjustment component of excise taxes should be reinstated to ensure that the real value of tobacco excise taxes, prices and revenue is not eroded over time.

Call to action

Raising the price of tobacco by increasing excise taxes reduces consumption and saves lives, while generating revenue for the government. Yet, this policy measure is underutilised.

We therefore call on the government to protect the youth and save the next generation. Increase taxes on tobacco and nicotine products.

hereby signed

Patrick Gathogo

Janemy Obiny

Amani Maria

Monicah Muiruri

Henri Muema

Murigi Grace

Fred Kodiyo

Mercy Njehia

Erick Omondi

Edwin Michieka

Edewa Maureen

David Mandu