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Czech tobacco support for Ukraine



Any shift away from high-tax cigarettes to low- or no-tax heated products or e-cigarettes inevitably leads to lower collections of the excise tax, unless overall consumption or the tax rate rises. So it's clear what the finance ministry means when it says that a change in consumer purchasing preferences led to a [Kč 2.3bn \(6.9%\) y/y decrease in tobacco-tax revenue](#) in the first seven months. CEO Jacek Olczak of Philip Morris Int. was in Prague recently and praised the CR for its much lower tax on heated products, which allows for a higher profit margin. He told [HN](#) that his company will be able to halt production and sales of classic cigarettes within a very short time. Yet his European president, Massimo Andolina, boasted to [FAZ](#) about the importance to Ukraine of a new \$30m factory near Lviv that is to open [early next year](#). It is to produce 10bn classic cigarettes per year. Should the Czech state perhaps be proud that its tax policy for Iqos will help to fund production of Marlboros in Ukraine?

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