

Putin Rejects Abrupt Tax Hikes on Alcohol and Cigarettes

By [The Moscow Times](#)

July 31, 2013

The  Moscow Times

President Vladimir Putin has spoken out against abrupt tax hikes on alcohol and cigarettes, recommending gradual tax increases together with state promotion of education, sports and a healthy lifestyle.

"We know what the old days were like, what the fight with alcohol led to — people just started brewing homemade vodka and drinking denatured alcohol," Putin said to the members of the State Council on Tuesday.

"[Smoking and alcoholism prevention] is difficult work. It demands great effort, financing, time and resourcefulness, but it will have a positive and lasting effect," he said, Itar-Tass reported.

The national alcohol excise tax has gone up 33 percent this year, the largest increase in modern Russian history. The minimum price for a half-liter of vodka rose from 125 rubles

(\$3.80) to 170 rubles (\$5.20). Plans are in place to raise the tax by 25 percent in 2014 and a further 20 percent in 2015.

The government is unlikely to retract these plans, as the increased income is already calculated into future government budgets, Business FM reported.

According to the State Statistics Service, legal vodka production fell 28.3 percent in the first half of 2013 compared to the same period last year, as consumers have reportedly turned to illegally produced spirits.

Continuing tobacco tax increases could lead to a similar growth in counterfeit products, which currently command only 1 percent of the market, Business FM reported.

The Finance Ministry plans to raise the price of cigarettes to European levels by 2015.

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