

Illegal cigarettes light up crime

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Big companies in narcotics trafficking are shifting their focus to the illicit tobacco trade - causing the government to lose billions of rands in taxes every year.



Thousands of Pacific cigarettes were confiscated at the Beit Bridge border post. Image: [Portcullis](#)

About 30% of all cigarettes consumed in this country come from illicit deals.

According to the Tobacco Industry of Southern Africa, illicit cigarettes are either manufactured locally and not declared to avoid taxation, or are smuggled into the country.

The organisation's chief executive, Francois van der Merwe, said that since 2010 the government had lost more than R15bn in taxes to illegal smokes.

SA Revenue Service (SARS) spokesman Adrian Lackay said cigarette smuggling had become very lucrative. "We are seeing big criminal syndicates in the narcotics trade migrating to tobacco smuggling," said Lackay.

He said the profit margins are even higher than in drug trafficking and the risks are lower. Cigarettes are confiscated and those convicted must pay stiff penalties, but imprisonment is likely for dealing in narcotics.

SARS reported that, during the 2012/13 financial year, 138m contraband cigarettes, valued at R63.4-million, were seized.

Van der Merwe said there had been an increase in the number of syndicates in the trade.

Organised crime increasing

"If we let this industry grow we could very well end up with a country overrun by organised crime." "We have to do all that we can, as a partnership between the private and public sectors, to rid the country and continent of the scourge," said Van der Merwe.

"Illicitly traded tobacco products not only fuel existing organised crime syndicates, but become an entry point for new criminals because of the low-risk, high-profit nature of the crime."

In October, police made one of the biggest busts when 1.6m Pacific cigarettes were found hidden on a train in Zimbabwe.

Van der Merwe said smugglers were moving away from transporting large consignments. By reducing the quantity of cigarettes being moved, they minimised their losses when caught.

Local manufacturers, he said, indulge in "excise manipulation".

They declare some of their product and pay excise on that, but run a "night shift" that is not declared. This makes it possible to put products on the market more cheaply.

"The government must audit these manufacturers. The answer is simple - they need to be closed down because they are defrauding the government and eroding the volumes of the legal, taxpaying industry," said Van der Merwe.

The industry organisation trains about 1,000 government officials annually.

Source: The Times via I-Net Bridge

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