



Press Release

Nigeria's 2026 Tobacco Tax Regime: A Win for Industry, A Loss for Public Health

The Federal Government of Nigeria, through a circular, approved the implementation of the 2026 Fiscal Policy Measures and Tariff Amendments. The circular covers supplementary ECOWAS Common External Tariff measures, excise duties on non-alcoholic beverages and tobacco products, and a Green Tax Surcharge, effective 1 April 2026.

One of the critical areas included in the 2026 FPM is the approved excise duty for cigarettes and tobacco products which is alarmingly weak. The approval effectively puts in place a three-year tobacco tax regime running from 2026 – 2028 and retains the 30% ad-valorem excise tax component as implemented under the 2023 – 2025 regime. However, it makes minimal increments of N1.00 annually through the three-year regime on the specific excise component.

The Civil Society Legislative Advocacy Centre (CISLAC) finds that these amendments fall far short of the objectives of health taxes and fail to meet public health expectations to reduce tobacco consumption and exposure to its preventable harm. The amendments also fail to meet the requirements and intent of Article 6 of the WHO Framework Convention on Tobacco Control (WHO FCTC), to which Nigeria is a State Party.

The policy, as currently designed, fails to protect public health, undermines revenue mobilization, makes tobacco products more affordable and contradicts the government's stated commitments on health taxes. More specifically, the policy in its current form raises several critical concerns, as outlined below:

The proposed tax increases are ineffective against inflation - For clarity, the old regime charged a stick of cigarette at N5.20 in 2024, the last year of the three-year regime. Almost two years later, a N0.80 increment is approved for the first year of the new regime in 2026. In the same period under review, the increment stands at 13% while the inflation rate for the country stands at 15.06%. Mathematically, this dwarfs the increment made in this proposed regime and shows a lack of progress in the utilization of tax as an instrument to reduce affordability in tobacco use.

Nigeria remains far below the ECOWAS specific excise benchmark - In comparison to the ECOWAS benchmark and recommendation of 0.40USD specific excise tax for a pack of cigarettes, the entire three-year regime remains very far from the regional benchmark. With 0.40USD roughly converting to N538, at N6.00, Nigeria would be achieving N120.00 per pack, N140 at N7.00 and N160.00 at N8.00. At these rates, even at the highest point of the regime in 2028, Nigeria would only be achieving 29.7% of the ECOWAS specific tax recommendation in a region where it operates as the biggest tobacco market and economic leader.

The tobacco industry is the principal beneficiary - Simple interpretation of the new regime in Nigeria shows that the tobacco industry are the singular beneficiaries of the policy. The industry has been provided with a fiscal environment to maximize profits with an already existing high profit margin. For revenue generation and mobilization, this regime signifies revenue forgone and loss, for children and youth, it signifies increased access to tobacco products use and addiction. For adult smokers, affordability is increased as the products become cheaper while other essentials respond to inflation, for families, especially low-income households, the cycle of tobacco induced poverty continues to spin even as overall public health exposures associated with tobacco use are exacerbated.

The policy contradicts wider fiscal reform efforts - It is even more shocking to see an administration that has put in so much to ensure effective revenue mobilization by quickly reforming the tax landscape in the country completely shielding its swords in asserting effective excise tax regimes on industries of harmful products like tobacco, alcohol and sugar sweetened beverages. Moreso, it is unbelievable that a regime which has effectively removed subsidies that directly benefited the citizens and subjected them to paying the premium on petrol and electricity playing soft balls with the tobacco industry.

The regime breaks explicit manifesto commitments - Even more appalling, the President Tinubu administration came to power with a manifesto that specifically recognized and promised to implement health taxes as part of strategies to finance universal health care and discourage consumption of harmful products through enacting tax measures that reduce affordability and improve government revenue. This tax regime sadly reneges on those promises and makes the citizens and the country more vulnerable to the hazardous effects of tobacco use and exposure.

CISLAC is urging the government to:

- i. **Move decisively toward the ECOWAS specific excise benchmark as a minimum standard for effective tobacco taxation** -be guided by the ECOWAS Directives on tobacco taxation as well as draw comparison with other West African countries where tobacco tax policies and implementation are gaining significant traction.
- ii. **Ensure that tobacco tax policy is protected from tobacco industry influence, in line with Nigeria's WHO FCTC obligations** - The government of Nigeria must immediately recognize and prioritize the health and wellbeing of Nigerians over ensuring increased profit margins for vested industries.
- iii. **Government must adopt encompassing approaches that integrate a wider stakeholders' input** to the review process to ensure helpful opinions are factored into consideration of tobacco tax policy formulations.
- iv. **Use tobacco taxation as a genuine health and fiscal policy tool**, supporting universal health coverage, protecting children and youth, and reducing preventable disease and death. Failure to strengthen tobacco taxation is not a neutral policy choice, it is a decision that sustains addiction, deepens inequality, and undermines Nigeria's obligations under the WHO FCTC.
- iv. **Redesign the tobacco excise tax regime in line with WHO FCTC Article 6 and its Guidelines** by adopting a strong, uniform specific excise tax that is automatically adjusted for inflation and income growth, ensuring significant and sustained real price increases.

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