The purpose of this report (the "report") is to define and measure Illicit Consumption of cigarettes, and the associated government revenue losses, in the Philippines in 2013. More detail on the methodology can be found in the Annex.

The report has been prepared by the International Tax and Investment Center (ITIC) and its partner, Oxford Economics (OE). ITIC and OE enjoyed academic freedom and full editorial control of the report. We are grateful for the inputs and data received from public sector and industry stakeholders.

ITIC and OE prepared the report in accordance with specific terms of reference agreed between Philip Morris Asia Ltd., an affiliate of Philip Morris International Inc. (PMI), and ITIC. PMI has provided financial support for the report. However, ITIC and OE assume all responsibility for the report’s analysis, findings and conclusions.

The report is to serve as a public policy resource pursuant to ITIC’s mission. Nevertheless, should any party choose to rely on the report, they do so at their own risk. ITIC and OE will not accept any responsibility or liability to any claim in respect of the report.
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Executive Summary
Excise rates on the majority of cigarettes in the Philippines (Low-tax tier) rose by 341% on 1st January 2013. Excise rates on brands in the Mid-tax tier increased by 231%, while "premium-price" brands (High-tax tier) saw an increase of 108% in excise rates.

This tax increase has contributed to a 59% rise in the pack price of the most sold brands in both the "low-price" and "premium-price" segments. The price increase on the most sold brand in the "super-low price" segment was highest at 175%.

Legal Domestic Sales dropped almost 16% in 2013 from a year earlier. However, this decline was almost fully offset by an increased level of Illicit Consumption. As a result, Total Consumption (legal and illicit) was only down 3% in 2013.

There has been a sharp rise in Illicit Consumption from 5.9% in 2012 to an estimated 18.1% of Total Consumption or 19.1 billion cigarettes in 2013. This rise primarily relates to increased consumption of Domestic illicit cigarettes, which has risen sharply from 5.6% of Total Consumption in 2012 to an estimated 16.3% of Total Consumption or 17.1 billion cigarettes in 2013.

There has also been an 800% increase in the consumption of Counterfeit cigarettes, which accounted for 1.8% of Total Consumption or 1.8 billion cigarettes in 2013, compared to 0.2% of Total Consumption in 2012.

The cigarette tax revenue loss (excise and VAT) has risen to PHP 15.6 billion in 2013, representing an increase of 497% compared to 2012.
Composition of Total Consumption

![Bar chart showing Composition of Total Consumption](chart.png)

Source: Oxford Economics

1 Other Non-Domestic Illicit was around 0.1 billion cigarettes in 2012 and 2013. Outflows of Legal Domestic Sales from the Philippines and Non-Domestic Legal (NDL) inflows are negligible at around 0.1-0.2 billion cigarettes.

Cigarette Tax Revenue Loss

![Bar chart showing Cigarette Tax Revenue Loss](chart2.png)

Source: Oxford Economics
Glossary of Terms
Glossary of Terms

Asia-11 Group of markets consisting of Australia, Brunei, Hong Kong, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Taiwan, Thailand, and Vietnam. These markets were included in the ‘Asia-11 Illicit Tobacco Indicator 2012’ report.

Average Daily Consumption The average number of cigarettes smoked per day in the total adult population.

BIR Bureau of Internal Revenue.

bn Billion.

Box See ‘Pack Type’.

Contraband Genuine product that is illegally imported into or resold (for financial profit) in a market other than the market of intended destination, typically without paying the applicable taxes and duties. There are generally two types of contraband: bootlegging and wholesale smuggling through organised crime.

Counterfeit (CF) Brands that are illegally manufactured and sold without permission of the trademark rights holder.

Domestic Illicit Cigarettes that are produced to be illegally sold and consumed in the same country/market, typically without the payment of applicable taxes.

Duty-Free (DF) Purchases made outside the domestic market that have no state, local, or provincial taxes, import duties, or any other type of taxation added. Subject to purchase volume restrictions.

EPS Empty Pack Surveys. Independent research agencies collect empty cigarette packs discarded by smokers in public places and record brands and origins of packs.

Excise Tax An indirect tax on the consumption of certain goods. Excise taxes on cigarettes can be either specific, i.e., expressed as a monetary amount per quantity/weight of the product, ad-valorem, i.e., expressed as a proportion of the value of a product, or a combination of both.

Illicit Consumption Consumption of Non-Domestic Illicit (Counterfeit and Contraband including Unspecified variant cigarettes) and Domestic Illicit cigarettes. Typically, taxes applicable in the market where illicit cigarettes are consumed are not paid.

IMS In-Market Sales (source of Legal Domestic Sales volumes).

Inflows/Outflows Inflows of Non-Domestic product into a market/outflows of product from a market.

IT Illicit Trade.

ITIC International Tax and Investment Center.

KS King size cigarettes.

LDC Legal Domestic Consumption is defined as Legal Domestic Sales net of outflows.

LDS Legal Domestic Sales. Genuine domestic tax-paid product through legitimate, domestic channels based on In-Market Sales (IMS) data.

Most Sold Brand Cigarette brand variant with the largest annual legal sales volume in a given market.

mn Million.

Non-Domestic Illicit Counterfeit and imports of other illicit cigarettes.

ND Non-Domestic. Product that was not originally intended for the market in which it is consumed.

NDL Non-Domestic Legal. Product that is brought into the market legally by consumers, such as during a cross-border trip.

NRP Net Retail Price is the price at which cigarettes are sold at retail in at least five (5) major supermarkets in Metro Manila (for brands of cigarettes marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For cigarettes which are marketed only outside Metro Manila, the ‘net retail price’ shall mean the price at which the cigarette is sold in at least five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax. [Sec. 5. (C) of Republic Act No. 10351].

OE Oxford Economics.

OE Tourism Model A comprehensive data set of tourism metrics covering 190 countries and 20 years of detailed historical data.

Pack Type Manufactured cigarettes are available in two types of containers: ‘Box’ are packs made of rigid paperboard; ‘Soft’ are made of soft paper.

PMI Philip Morris International.

Price Segment Segmentation of brands in different price classes.

Recommended Retail Sale Price The price at which a manufacturer recommends the retailer to sell a packet of 20 cigarettes.

Shipments Reflect the volume of products from factories to the first customer.

Smoking Incidence The percentage of smokers in the total adult population.

Soft See ‘Pack Type’.

STSRO Senate Tax Study and Research Office.

Tax Loss Government revenues that are lost due to tobacco tax (excise tax and VAT) that is not paid on Illicit Consumption. Import duties were not considered in the tax loss estimates.

Total Consumption Total Consumption of legal and illicit cigarettes in the Philippines.

Unspecified Unspecified market variant refers to cigarette packs which do not bear specific market labelling or Duty-Free labelling.

VAT Value Added Tax.
On 1st January 2013, the excise tax on all cigarettes increased sharply (with increases of 341% on the Low-tax tier, 231% on the Mid-tax tier and 108% on the High-tax tier, these tax tiers virtually accounting for the total legal market in 2012).

The multi-tier specific structure was simplified through a reduction from 4 to 2 tiers. The excise rates were increased to PHP 12 per pack of 20 cigarettes with a net retail price\(^1\) (NRP) not exceeding PHP 11.50 and PHP 25 per pack of 20 cigarettes with an NRP above PHP 11.50 per pack of 20.

The market share of the Low-tax tier increased from 65% in 2012 to 76% in 2013.

Excise rates will continue to increase annually until they reach a uniform rate of PHP 30 per pack of 20 in 2017. Thereafter, rates are set to increase by 4% annually, in line with the projected inflation.

**Tax tiers (PHP per pack of 20) and their market share**

<table>
<thead>
<tr>
<th>Tax Tier</th>
<th>Market Share</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-tax Tier</td>
<td>65%</td>
<td>PHP 2.72</td>
<td>76%</td>
</tr>
<tr>
<td>Mid-tax Tier</td>
<td>9%</td>
<td>PHP 7.56</td>
<td></td>
</tr>
<tr>
<td>High-tax Tier</td>
<td>26%</td>
<td>PHP 12.00</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: BIR Statement of Manufacturers’ ex-factory withdrawals in 2012 and 2013
\(^1\) Retail selling price net of excise and VAT.
Excise duty by tax tier

Impact of new excise law to 2017

Source: Oxford Economics

Source: Sec. 5.(c) Cigarettes packed by Machine under Republic Act No. 10351
Impact on Legal Domestic Cigarette Prices

- The very steep excise tax increase drove the recommended retail sales price of the most sold brand in the "low-price" segment up by 59%, from PHP 16 per pack of 20 to PHP 25.5 per pack of 20.

- The recommended retail sales price of the most popular brand in the "super low-price" segment initially increased from PHP 8 per pack of 20 to PHP 18.5 per pack of 20 in January, but rose further to PHP 22 per pack of 20 in November 2013. This represents a total increase in price of 175%.

- The recommended retail sales price of the most sold brand in the "premium-price" segment also went up by 59% from PHP 32 per pack of 20 to PHP 51 per pack of 20.
Cigarette prices by market segment

Source: Oxford Economics
Legal Domestic Sales

- Legal Domestic Sales totalled 86.3 billion cigarettes in 2013, down 15.6% compared to 2012.
- Legal Domestic Sales dropped 39.5% in 2013Q1 compared to the same period a year earlier. There was a recovery in cigarette sales after 2013Q2, however, with sales remaining 7.7% lower than in the same period in 2012.
- The steep drop in Legal Domestic Sales in Q1 is largely attributable to manufacturers, retailers and consumers forestalling the distribution and purchases of cigarettes at the end of 2012 in anticipation of the January 2013 excise tax increase.
- The rise in excise rates has also affected the composition of Legal Domestic Sales. The share of the “super low-price” segment more than doubled to 39.4% in 2013, compared to 15.2% in 2012, while the share of all other segments declined. Sales of “premium-price”, “medium-price” and “low-price” cigarettes fell by 35-43%.

Composition of Legal Domestic Sales

Source: Oxford Economics
Legal Domestic Sales

Source: Oxford Economics

Evolution of Legal Domestic Sales by price segment

Source: Oxford Economics
The results from Empty Pack Surveys (EPS) and retail audits, combined with BIR data on withdrawals and PMI shipments data, were used to estimate Total Consumption of cigarettes.

- Total Consumption (legal and illicit) is estimated at 105.5 billion cigarettes in 2013, down 3.0% from 2012. Of this, an estimated 81.8% or 86.3 billion cigarettes is Legal Domestic Consumption, 0.1% is Non-Domestic Legal consumption, and 18.1% or 19.1 billion cigarettes is Illicit Consumption.
- The relatively small decline in Total Consumption is consistent with the consumer surveys for 2013. Smoking incidence has remained relatively flat at around 50%. And while consumer surveys showed average daily consumption falling to 12.4 cigarettes in 2013H1 from 13.3 cigarettes in 2012H2, average daily consumption rose to 13.2 cigarettes in 2013H2.
- Non-Domestic Legal inflows are small in the Philippines as the price of a pack of cigarettes remains relatively low compared to neighbouring countries, thereby reducing the incentive for consumers to legally bring in tax-paid cigarettes from these countries.

### Total Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Legal Domestic Sales (LDS)</th>
<th>Outflows of domestic duty paid cigarettes</th>
<th>Legal Domestic Consumption (LDC)</th>
<th>Total Non-Domestic (ND) Inflows</th>
<th>Non-Domestic Legal (NDL)</th>
<th>Non-Domestic Illicit</th>
<th>Domestic Illicit</th>
<th>Total Illicit Consumption</th>
<th>Total Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>102.2</td>
<td>0.1</td>
<td>102.2</td>
<td>0.4</td>
<td>0.1</td>
<td>0.3</td>
<td>6.1</td>
<td>6.4</td>
<td>108.7</td>
</tr>
<tr>
<td>2013</td>
<td>94.1</td>
<td>0.1</td>
<td>94.0</td>
<td>0.4</td>
<td>0.1</td>
<td>0.3</td>
<td>5.6</td>
<td>5.9</td>
<td>105.5</td>
</tr>
<tr>
<td>% change 2012-2013</td>
<td>-15.6</td>
<td>0.0</td>
<td>-15.6</td>
<td>385.7</td>
<td>23.3</td>
<td>529.4</td>
<td>181.2</td>
<td>198.0</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

Source: Oxford Economics

1 Empty Pack Surveys were undertaken in 2013Q2 and 2013Q4, while retail audits provide data for each month in 2013.
2 Consumer Tracking and Segment Tracking surveys conducted in 2013 by PMI.
3 The price of the most sold brand of cigarettes in the Philippines in October 2013 was US$0.58 per pack of 20 compared to US$3.67 per pack of 20 in Malaysia, US$2.85 per pack of 20 in Taiwan, US$1.51 per pack of 20 in Indonesia and US$0.80 per pack of 20 in Vietnam.
Composition of Total Consumption

Source: Oxford Economics
Illicit Consumption accounted for 18.1% of Total Consumption or 19.1 billion cigarettes in 2013 based on the Empty Pack Surveys of 2013Q2 and 2013Q4, as well as retail audits. The share of Total Consumption accounted for by Illicit Consumption is thus significantly higher than the 5.9% estimated for 2012.

The rise in Illicit Consumption was primarily driven by increased consumption of Domestic Illicit cigarettes following the sharp increase in the price of cigarettes across all price segments.

Domestic Illicit consumption is estimated to have accounted for 16.3% of Total Consumption or 17.1 billion cigarettes in 2013 compared to 6.1 billion cigarettes in 2012. An estimated 89.8% of Illicit Consumption in 2013 can be attributed to Domestic Illicit.

There has also been significant growth in Counterfeit cigarettes. The share of Counterfeit in Total Consumption rose 800% to 1.8% in 2013 (1.8 billion cigarettes), compared to 0.2% of Total Consumption (or 0.2 billion cigarettes) in 2012.

The presence of Other Non-Domestic Illicit remains negligible at less than 0.1% of Total Consumption.

Composition of Illicit Consumption (2013)

- **89.8%** Domestic Illicit
- **10.2%** Non-Domestic Illicit

Source: Oxford Economics
Composition of Illicit Consumption

Source: Oxford Economics
Government Revenues

- The tax rates and structure as per January 2013 were used to estimate the tax loss associated with Illicit Consumption in 2013.
- For Domestic Illicit cigarettes, the low-tax tier rate of PHP 12 per pack of 20 cigarettes was applied to estimate the tax loss. For Non-Domestic Illicit cigarettes, which mainly consist of counterfeit premium brands, the High-tax tier rate of PHP 25 per pack of 20 cigarettes was applied.
- The 12% VAT rate was incorporated in the tax loss calculations.
- We estimate the tax loss associated with Illicit Consumption for 2013 at PHP 12.7 billion in excise tax and PHP 2.9 billion in VAT, or a total of PHP 15.6 billion (US$ 368 million). This represents a PHP 13 billion or 497% increase versus the tax loss in 2012, which was estimated at PHP 2.6 billion (US$ 62 million).
- The PHP 12.7 billion in lost excise tax revenue represents 15.3% of the potential total excise tax revenue.

![Actual government excise revenues and estimated tax loss](image)

Source: BIR, STSRO & Oxford Economics

1 The average exchange rate for 2013 of PHP 42.4 per US$ was used to calculate tax loss in US$.
2 2012 actual excise revenue was sourced from the public BIR website. 2013 actual excise revenue was sourced from the Senate Tax Study and Research Office (STSRO), Senate of the Philippines.
### Source for government revenue data: BIR & STSRO

1. 2012 actual excise revenue was sourced from the public BIR website. 2013 actual excise revenue was sourced from the Senate Tax Study and Research Office (STSRO), Senate of the Philippines.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>% change 2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual revenue from excise duties on tobacco (mn)</td>
<td>PHP 32,942</td>
<td>PHP 70,392</td>
<td>114</td>
</tr>
<tr>
<td>Estimated number of illicit cigarettes purchased (cigarettes mn)</td>
<td>6,400</td>
<td>19,096</td>
<td>198</td>
</tr>
<tr>
<td><strong>Estimated tax loss from Illicit Consumption (mn)</strong></td>
<td><strong>PHP 2,615</strong></td>
<td><strong>PHP 15,601</strong></td>
<td><strong>497</strong></td>
</tr>
<tr>
<td>Lost excise revenue</td>
<td>PHP 1,792</td>
<td>PHP 12,726</td>
<td>610</td>
</tr>
<tr>
<td>Lost VAT revenue</td>
<td>PHP 823</td>
<td>PHP 2,875</td>
<td>249</td>
</tr>
<tr>
<td><strong>Excise tax loss as % of potential total excise tax revenues</strong></td>
<td>5.2%</td>
<td>15.3%</td>
<td></td>
</tr>
</tbody>
</table>
## Annex: Data Sources

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<thead>
<tr>
<th></th>
<th>Original source</th>
<th>Calculation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Domestic Sales</strong></td>
<td>Philip Morris IMS based on shipments data. Industry volume based on PMI Estimate and BIR Statement of Manufacturers‘ ex-Factory withdrawals adjusted for PM IMS.</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Outflows of domestic duty-paid cigarettes</strong></td>
<td>—</td>
<td>Empty Pack Survey data in other Asia-11 markets used to identify Philippines variant cigarettes. The values from the ‘Asia-11 Illicit Tobacco Indicator 2012’ report were used.</td>
<td>A small quantity of Philippines market variant cigarettes was found in other Asia-11 markets, which suggests a low amount of outflows of Philippines domestic duty-paid to other Asia-11 markets.</td>
</tr>
<tr>
<td><strong>Legal Domestic Consumption (LDC)</strong></td>
<td>—</td>
<td>Legal Domestic Sales minus outflows of domestic duty-paid cigarettes.</td>
<td>Outflows of Philippines domestic duty-paid cigarettes refer only to outflows to other Asia-11 markets and therefore could be an underestimate.</td>
</tr>
<tr>
<td><strong>Total Non-Domestic Inflows (ND)</strong></td>
<td>—</td>
<td>Sum of Non-Domestic Legal and Non-Domestic Illicit.</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-Domestic Legal (NDL)</strong></td>
<td>—</td>
<td>Estimated using passenger data, smoking incidence and daily average consumption of passengers‘ respective countries of origin, and personal allowance.</td>
<td>Maximum theoretical amount an individual is allowed to carry across a border. Passenger data from OE Tourism Model.</td>
</tr>
<tr>
<td><strong>Non-Domestic Illicit</strong></td>
<td>—</td>
<td>Based on Empty Pack Surveys for 2013Q2 and 2013Q4 plus OE estimates based on Passenger data from OE Tourism Model.</td>
<td>Estimates suggest that the level of Non-Domestic Illicit cigarettes in the Philippines is low.</td>
</tr>
<tr>
<td>Data Sources</td>
<td>Original source</td>
<td>Calculation</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>Domestic Illicit</td>
<td>–</td>
<td>Estimate derived from a comparison of market shares of domestic producers based on retail audit and BIR withdrawals data.</td>
<td>The methodology for estimating Domestic Illicit has been refined for the 2013 estimates. Based on actual shipment data for PMI cigarettes that are classified in the Low-tax tier, it is possible to estimate the market coverage of the Nielsen retail audit for these cigarettes. These market coverage estimates are used to gross up non-PMI brand cigarettes in the Low-tax tier to get an estimate of total actual sales of cigarettes in the Low-tax tier. The difference between the estimate of total sales of non-PMI cigarettes in the Low-tax tier and BIR withdrawals data for the equivalent cigarettes is the estimate of Domestic Illicit cigarettes. Applying the refined 2013 methodology to 2012 would have resulted in an increase of the 2012 Domestic Illicit by 3 billion cigarettes. However, for the purpose of consistency with the ‘Asia-11 Illicit Tobacco Indicator 2012’ Report we did not apply the updated methodology to the 2012 data.</td>
</tr>
<tr>
<td>Total Illicit Consumption</td>
<td>–</td>
<td>Sum of Domestic Illicit and Non-Domestic Illicit.</td>
<td>–</td>
</tr>
<tr>
<td>Total Consumption</td>
<td>–</td>
<td>Legal Domestic Sales minus outflows of domestic duty-paid cigarettes plus estimated Non-Domestic Legal consumption plus estimated Illicit Consumption.</td>
<td>The analysis suggests that Total Consumption in 2013 was estimated at 105.5 billion cigarettes. This is higher than typical estimates based on smoking incidence and daily average consumption rates for the Philippines, e.g. using WHO Global Adult Tobacco Survey data from 2009. However, Total Consumption calculated using PMI Consumer Tracking and Segment Tracking survey data for 2013 for smoking incidence and average consumption is around 140 billion cigarettes and higher than the estimate in this analysis. Population data are from the United Nations World Population Prospects.</td>
</tr>
</tbody>
</table>
Annex: Methodology

We used a similar but refined methodology to that developed for the ‘Asia-11 Illicit Tobacco Indicator 2012’ report to estimate the size of Illicit Consumption and tax loss in the Philippines following the sharp rise in excise rates in January 2013. Specifically:

- We used the BIR Statement of Manufacturers’ ex-Factory withdrawals adjusted for PMI shipments to measure Legal Domestic Sales.
- We adjusted for outflows of Legal Domestic Sales, based on Empty Pack Surveys1 or other survey/expert information in other Asia-11 markets, to give a measure of Legal Domestic Consumption.
- Empty Pack Surveys were used to estimate the incidence and size of Non-Domestic inflows to the Philippines.
- Information from surveys and estimates of Non-Domestic Legal flows based on passenger data and smoking incidence were then used to separate Non-Domestic Legal cigarettes from illicit inflows (i.e., Counterfeit and Contraband) within Non-Domestic inflows.
- Retail audit data were used to identify Domestic Illicit cigarettes. By comparing sales based on the Nielsen retail audit with manufacturers’ withdrawals for Low-tax tier cigarettes, we were able to estimate the volume of domestically produced cigarettes where the appropriate excise rates were not paid:
  - Domestic manufacturers’ withdrawals concerns domestic duty paid cigarettes.
  - The retail audit measures the total number of cigarettes sold by retailers. Crucial to this method is the grossing up of reported figures to reflect the market coverage of the retail audit. For 2012, the average coverage for the whole retail audit was used to gross up the cigarettes sales in the Low-tax tier, i.e. 74%. The market coverage estimate for Low-tax tier cigarettes was revised in 2013 to reflect a more detailed assessment of the coverage of the Nielsen retail audit by market segment. It was found that the coverage of the Nielsen retail audit was lower than average for brands in the Low-tax tier. Based on the coverage of PMI brands, the estimated market coverage in the Nielsen retail audit of companies with mainly “super low-price” brands such as Mighty, La Suerte and AAACT was 52% in 2013, while JTI and BAT were assumed to have a coverage consistent with the Low-tax tier as a whole at 68%.
  - Price and tax levels and structures for 2012 and 2013 were used to estimate the tax loss associated with Illicit Consumption:
    - Excise revenue loss: The 2012 weighted average excise rate (derived from annualized tax tier shares) was applied to the estimated illicit cigarette volume (the same methodology used in the ‘Asia-11 Illicit Tobacco Indicator 2012’ Report). 2013 estimates use excise applied to the Low-tax tier for Domestic Illicit and excise applied to the High-tax tier for Non-Domestic Illicit.
    - VAT loss: The average VAT in the price of a pack of Marlboro and most sold brand (Fortune) was used in 2012. For 2013, the VAT included in a pack of 20 of the most sold brand (Fortune) was used for Domestic Illicit and Marlboro for Non-Domestic Illicit.

1 Conducted by PMI.
The definitions of the price segments used in this report are as follows:

- Premium-price – PHP 3.00 per cigarette and above
- Medium-price – PHP 2.00 per cigarette to PHP 2.99 per cigarette
- Low-price – PHP 1.01 per cigarette to PHP 1.99 per cigarette
- Super low-price – PHP 1.00 per cigarette and below

Note that we still consider Mighty, Jackpot, Champion and Westpoint as “super low-price” brands despite the 2013 price changes for the purpose of maintaining comparability with historical data and allowing trends in price segments to be assessed. The brands were classified into the price segments (above) based on the Recommended Retail Sale Price as of April 2013.

Annex: Details of Price Segments