



Correspondence 3.4  
Meeting - 14/07/2011

PAC-R-33

Ted McEnery,  
Clerk,  
Public Accounts Committee,  
Leinster House,  
Kildare Street,  
Dublin 2.

Retailers Against Smuggling,  
PO Box 16126,  
Ballsbridge,  
Dublin 4.  
Tel: 086-385 3260  
[info@retailersagainstmuggling.ie](mailto:info@retailersagainstmuggling.ie)

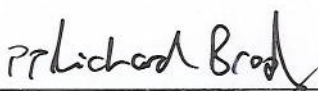
Wednesday, July 06, 2011

Dear Mr Enery,

Please find enclosed some information for the Dail Public Accounts Committee about cigarette and tobacco smuggling in Ireland, to be circulated among the Members of the Committee.

If you would like any further information, please do not hesitate to contact me.

Yours sincerely

  
Benny Gilsenan  
Spokesman  
Retailers Against Smuggling

## Background

Retailers Against Smuggling is a retail organisation set up to combat cigarette smuggling and the illegal cigarette trade in Ireland. Our organisation has almost 3,000 individual retail members across the country and 13 corporate members including Musgraves, Nightline and Applegreen.

Please find some information regarding the issue of cigarette smuggling in Ireland:

- Revenue estimates that the annual loss to the Exchequer from cigarette smuggling is €250 million. Due to the large number of illegal cigarettes that are smuggled into Ireland and not intercepted, it is impossible to ascertain what the actual loss to the Exchequer is.
- Excise on tobacco is a vital source of income for the Exchequer. In a study published by the Revenue Commissioners in February 2011, it stated that “the €1bn in excise revenue from tobacco would be a significant loss from the fiscal perspective”.
- Customs and Revenue are doing a tremendous job but need more resources to tackle this problem. There are only two scanners at Irish ports to detect consignments of smuggled cigarettes. There are EU funds set aside for the provision of a further scanner, which the Government may avail of at no cost to the Irish State.
- People convicted of cigarette smuggling and illegal cigarette selling appear in the quarterly Revenue defaulters’ list. This list is not automatically passed onto the Department of Social Protection. Retailers Against Smuggling believes that if this information was passed onto the Department, it would help to address the issue of welfare fraud and save the State money.
- Cigarette smuggling is having an adverse effect on Retailers Against Smuggling’s members: in a survey of members last year, tobacco sales constituted 30% of turnover, with 94% of those surveyed describing tobacco sales as “vital” to their shop.
- Apart from a loss in income from cigarettes and tobacco products, smuggling also negatively impacts on discretionary spend in retail outlets.

Customers who come in to buy cigarettes also purchase other items, but this does not happen if customers buy illegal cigarettes.

- Flyers are being distributed door-to-door in suburbs across Ireland advertising illegal cigarettes. In some instances, the original low prices have been scribbled out and replaced by new, lower prices. This suggests that there are greater quantities of illegal cigarettes on the streets and that those engaged in this activity are trying to undercut one another.
- In a report published in May of this year, EU policing agency Europol identified Ireland as one of five preferred destinations for cigarette smugglers. Speaking at Retailers Against Smuggling's annual conference in Dublin in June 22<sup>nd</sup>, a senior official in Europol said that as a trend, cigarette smuggling into Ireland is on the increase.
- The maximum fine for cigarette smuggling was increased to just over €126,000 under the amended Finance Act. However, fines for cigarette smuggling during the last quarter of 2010 ranged from €300 to €2,500, while during the same period fines handed down for selling illegal cigarettes ranged from €2,500 to €5,000.
- In 2010, Customs seized 178 million cigarettes and so far this year have seized more than 40 million cigarettes.
- At Retailers Against Smuggling's recent conference, a representative from EU anti-fraud agency OLAF told delegates that asset recovery is a central plank of that organisation's work in the global fight against cigarette smuggling. Retailers Against Smuggling believes handing down fines in line with those set out in the relevant legislation will deter cigarette smugglers.
- Illegal cigarettes are sold openly at markets and on street corners across the State, but the Casual Trading Act provides for a small fine of just over €60 for those who breach this law. Retailers Against Smuggling believe that if the same level of fines applied under the Casual Trading Act that applies under the Finance Act, it would deter illegal cigarette sellers from selling at markets and fairs.