

# Tobacco giant Philip Morris faces \$2.2 billion Thai tax fine

January 19 2016

---

Tobacco giant Philip Morris is facing an eye-watering \$2.2 billion fine if found guilty of dodging tax on cigarette imports to Thailand, prosecutors said Tuesday.

The [allegations](#) are part of a long simmering tax dispute between the kingdom and the local unit of the [tobacco company](#), which has also clashed with authorities over plans to increase the size of health warnings on [cigarette packets](#).

Thai [prosecutors](#) say Philip Morris, which owns the Marlboro and L&M brands, avoided around 20 billion baht (\$551.27 million) tax by under declaring import prices for cigarettes from the Philippines between 2003 and 2006.

"Philip Morris as a corporation, as well as seven Thais, were indicted yesterday on custom tax evasion," Somnuk Siengkong, a spokesman for Thailand's Office of the Attorney General told reporters on Tuesday.

Chartpong Chirabandhu, deputy director general of the office's special litigation department, said a court could impose a [fine](#) of up to 80 billion baht (\$2.2 billion) if the company was found guilty.

Four foreign executives at the company have also been charged but are outside the country, prosecutors added.

Philip Morris Thailand Limited described the charges as "unjust" and

vowed to fight them.

"The company intends to vigorously defend itself against these meritless charges and demonstrate that it is in full compliance with Thai law and international standards of customs valuation," the company said in a statement.

The cigarette manufacturer added that their import valuations complied with World Trade Organization agreements and had been cleared by local Thai customs officials.

The investigation first surfaced in 2006 under the administration of Thaksin Shinawatra, shortly before his ousting in a military coup.

Thailand has since been hit by a decade of political instability with frequent government changes and a second coup in 2014.

In 2011, the attorney general at the time recommended against charging the tobacco giant, but the prosecution was restarted two years later.

That year Philip Morris was among leading cigarette firms to challenge in court plans by Thai health officials to increase [health warnings](#) on cigarettes.

The World Health Organization has accused the tobacco industry of deploying legions of lobbyists and lawyers to block packaging changes.

The tobacco lobby has also tried to block laws curbing advertising or raising taxes on cigarettes.

But more countries are adopting the approach with Thailand something of a regional leader on the issue in Southeast Asia.

Action on Smoking and Health Foundation Thailand says more than 50,700 people die every year from smoking-related diseases with around 13 million of the country's 67 million inhabitants addicted to cigarettes, 2.2 million of whom are minors.

© 2016 AFP

Citation: Tobacco giant Philip Morris faces \$2.2 billion Thai tax fine (2016, January 19)  
retrieved 4 May 2024 from  
<https://medicalxpress.com/news/2016-01-tobacco-giant-philip-morris-billion.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--