



## LIQUOR & TOBACCO SECTORS

### UNDER REVIEW AND TRANSFERED TO WATCHLIST

#### FLASHNOTE

##### TIME FOR TAX HUNT

**Possible widening of the Budget Deficit following the recently introduced fiscal stimulus package:** In line with the key promises mentioned in the election manifesto, Government provided wide ranging tax reliefs which are expected to provide significant fiscal stimulus to the economy. The measures were taken in order to improve economic and business activity, supporting economic growth to reach its potential over the medium term. However, we believe with the loss of tax revenue via the stimulus package, government is likely to face a serious challenge of revamping the tax structure in order to search new avenues of revenue in the medium to long term.

**Liquor and Tobacco sectors to be key targets:** In search of revenue, we expect liquor and tobacco as key segments that successive Governments in the past has looked upon on as an easy source of revenue given the inelastic nature of goods. Accordingly, Excise tax increases on liquor and tobacco is one of the popular mechanisms the Government resorts in order to raise revenue on short notice.

We believe any upward revision in excise taxes may have an adverse impact on following counters in our active coverage namely;

##### **DIST, LION, CTC and GLAS**

Accordingly, on the back of a possible upward revision on taxes on above-mentioned counters, we revise our outlook to **UNDER REVIEW AND TRANSFERED TO WATCHLIST.**

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