

## **The Truth about the International Tax and Investment Center (ITIC)**

ITIC, founded in 1993, claims to be an independent, nonprofit research and education foundation working to bring together governments and investors on tax and investment policy worldwide. Two years after its inception, ITIC reported that its principle asset was in providing its sponsors “a seat at the policy-making table.”<sup>1</sup> ITIC is funded by major multinational corporations including all of the leading transnational tobacco companies. Its Board of Directors includes representatives from BAT, PMI, JTI and Imperial Tobacco. ITIC has offices in Azerbaijan, Kazakhstan, the Philippines, Russia, Ukraine, the United Kingdom and the United States and works in many more countries around the world.

### **ITIC operates by:**

- Meeting with and advising high-level government representatives within Finance Ministries worldwide.<sup>2</sup> For example, in Ukraine, in 2008, ITIC representatives worked closely with the Ukrainian Tax Committee advising them to model tobacco tax rates after Russia, a country that had incredibly low tobacco taxes and was a source for smuggled cigarettes.<sup>3</sup> Also in Ukraine in 2008, ITIC advised the government on operation and customs control of duty free retail outlets.
- Arranging judicial seminars to educate the judiciary on tax matters.<sup>4</sup>
- Publishing reports on tobacco taxation including one report in Eastern Europe urging that accession countries be given a longer time to implement tax increases to make sure that tobacco remains "affordable" and another report criticizing the World Bank's work on tobacco.<sup>5</sup>
- Sponsoring conferences on tobacco tax policy including a 2008 seminar on Eastern European tobacco taxation where 40 government officials from EU member states attended<sup>6</sup> and a Nov 2009 conference on illicit trade of tobacco where more than 55 delegates from 26 countries participated in the conference.

### **ITIC and FCTC Article 5.3**

ITIC has stated that its work has significantly impacted tax policies in CIS nations.<sup>7</sup> The interests of ITIC (i.e. the tobacco industry) are in direct conflict with the goals of the Framework Convention on Tobacco Control (FCTC). Article 5.3 of the FCTC requires governments to protect public health policies from commercial and other vested interests of the tobacco industry.

### **Action Steps for Advocates**

- Educate policymakers and the media about ITIC and its alignment with the tobacco industry.
- Discourage policymakers from participating in ITIC roundtables or accepting any agreements resulting from ITIC roundtables under the principle of Article 5.3 of the FCTC.

**ITIC website: [www.iticnet.org](http://www.iticnet.org)**

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<sup>1</sup> ITIC. 1995 Results and Work in Progress. <http://legacy.library.ucsf.edu/tid/apk90a99>.

<sup>2</sup> U.S. Department of Treasury, Internal Revenue Service. Form 990. Return of Organization Exempt from Income tax. 2008.

<sup>3</sup> Ukraine Tax Committee Conference held on May 28, 2008.

<sup>4</sup> U.S. Department of Treasury, Internal Revenue Service. Form 990. Return of Organization Exempt from Income tax. 2008.

<sup>5</sup> Tobacco or Health in the European Union. Past, Present and Future. Chapter 6.

<http://www.bvsde.paho.org/bvsacd/cd51/tobacco-past/cap6.pdf>. Also, see ITIC website for a list of publications.

<sup>6</sup> ITIC Annual Report 2008. [http://www.iticnet.org/Public/annual\\_report.aspx](http://www.iticnet.org/Public/annual_report.aspx).

<sup>7</sup> Tobacco or Health in the European Union. Past, Present and Future. Chapter 6.

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