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Member Newsletter July 2019 Edition

Dear ITSA Members,

Half way through the year already, and a lot has been happening in terms of our activities and communications. We are also happy to report a rise in the number of revenue authorities approaching us for advice with regard to tax stamp and traceability standards and best practices, which means ITSA is finally getting its name on the map as a trusted source of information and support.

For instance, Mauritius Revenue Authority asked us to put them in contact with revenue authorities that had implemented direct excise marking on beer. They needed information on model legislation, how the system functioned and how the authorities were controlling procurement, sales and delivery processes.

Another example is the Taiwan Ministry of Finance, who asked us for information on real examples of the unique identifier, data carrier and aggregated codes being used under the EU Tobacco Products Directive (TPD), since their intention was to build their own tobacco control 'demo kit' for Taiwan, based on the TPD.

To be recognised as the 'go to' source of information and advice, as demonstrated by these two recent examples, is a key achievement for ITSA. Such recognition is also of benefit to you, the ITSA members, since you are given the opportunity to contribute to ITSA's response to these different enquiries, as well as engage in direct contact with the authorities concerned.

Let's now look at what else has been going on recently.

Costa Rica Seminar Highlights Need for Secure and Independent Track and Trace

Following the successful ITSA seminar held in Hanoi, Vietnam in December 2018 (on the occasion of the High Security Printing™ Asia conference), we decided to do the same thing

for the Latin American region, in June this year. Our objective this time was to highlight the latest regulatory and best-practice developments around excise tax stamp and secure track and trace systems, while introducing a more educational, back-to-basics session which covered elementary questions such as ‘what does secure track and trace mean?’

The speaker line-up included Alejandro Burr, International Tax Advisor (formerly of Chile revenue authority); Francisco Mandiola of FMA Secure; Jerome Pichot of De La Rue; Cédric Pruche of SICPA; Gerben van Wijk of Luminescence Sun Chemical Security; Serge Wsevoljsky of SURYS; and Nicola Sudan, ITSA General Secretary. ([Click here to see the presentations](#)).

The seminar, which was conducted in Spanish and English, was well-attended by almost 40 people, comprising solution providers, government revenue and health authorities and a tobacco control group. The government authorities hailed from the Dominican Republic, Paraguay, Guatemala and Costa Rica and the tobacco control group was the Costa Rica-based Red Nacional Antitabaco group (RENATA).



During our discussions with RENATA’s communications agency, it emerged that tobacco and alcohol industries in Costa Rica are lobbying to implement what amounts to self-regulated track and trace systems on their products – a move that undermines the transparency and security of such systems. As part of its campaign against this movement, the agency asked us to support RENATA’s efforts to convince the Costa Rican government to move towards independent, secure solutions.

ITSA provided the agency with insights into several issues around which this important debate is framed, including best practice in the governance and operation of secure track and trace systems, and compliance with the WHO FCTC Protocol ([click here for ITSA’s original responses in English](#)).

ITSA’s input formed the basis of a communiqué published on RENATA’s website ([click here](#)) as well as in the Costa Rica media – including an interview with RENATA’s Vice President, Dr Nydia Amador, on national television, during which she referred to the ITSA seminar ([click here](#)).

Remember that all ITSA members have the opportunity of participating in these seminars, whether as speakers or attendees. The next seminar will be held at the Tax Stamp Forum™, and we need your help and ideas to put together the programme for this event (see below for more details).

Advocacy Update from Christine Macqueen

In May, we received confirmation that our case to the EU Court of Justice challenging the track and trace provisions of the EU TPD had been found inadmissible. This decision was taken without any consideration of the substance of our claims and was drafted in confused terms which suggested that ITSA's admissibility as a claimant may not have been properly conducted. On this basis, and taking account of the criticisms of the TPD that are increasingly expressed by parliamentarians and NGOs, we decided to launch an appeal. This is ongoing. We continue to think that it is important to voice our real concerns about the fragmented solution the EU has put in place – a solution which, for example, delegates too many tasks to the industry.

We have also continued to seek ways to make available the unique expertise of our members to those FCTC Protocol states involved in the preparation of recommendations for the second Meeting of the Parties (MOP2) in 2020. It seems that no formal working group has actually been set up as yet and we have been restricted to sharing written briefings in lieu of the face-to-face discussions we hope will be possible. We have complemented this by working on briefing papers such as that published recently on our website on the roles and responsibilities for track and trace tasks under the Protocol ([click here](#)), as well as an article published in Intersec magazine in April on the tobacco black market and why independent control measures are essential ([click here](#)).

We are also still waiting to hear back from the Framework Convention Alliance (FCA) as to next steps with regard to the informal track and trace working group of 10 or so experts (including ITSA solution providers) they were looking to set up in support of the FCTC Protocol. We sent them a list of ITSA member experts to draw from, back in April, but so far this initiative doesn't seem to have got off the ground yet either. So we'll keep pushing!

A Word About the ISO 22382 Standard

An interesting question with regard to the new ISO 22382 standard for tax stamps was raised by an ITSA member a few weeks ago that we thought would be useful to share with the other members. The member asked what would happen in the event they were called upon, during a tender process for example, to demonstrate their compliance with ISO 22382, given that this standard is a guidance standard and therefore not subject to a certification process that would have provided the member with proof of compliance.

The ITSA Standards working group provided the following answer to this question:

ISO 22382 is intended to provide guidance on 'best practice' for tax authorities and other public agencies which specify, design and issue tax stamps. It is not appropriate to ask such public agencies to pay to be inspected, audited and certified, hence the decision to make it a guidance standard.

In providing guidance and setting out best practice for tax authorities, the standard sets out the steps the authorities should follow in specifying and sourcing their stamps, as well as guiding them on the security procedures, identification, unique identification (UID) numbering and authentication features they should require in their stamps.

Because ISO 22382 is aimed at stamp issuers, tax stamp suppliers and component suppliers are encouraged to read and understand it. They should then ensure that their stamps can meet the best practice recommendations set out in the standard. For example, are they certified under ISO 14298 or a similar security print management standard? And can they provide a method to generate and print a secure, encoded UID? And so on...

If suppliers are confident that they can supply stamps that meet the requirements that a tax authority might require because they are following the guidance in ISO 22382, then they could add to their marketing and promotional materials a phrase such as 'Our tax stamps are fully in accordance with the recommendations in ISO 22382' or similar. They might also want to add something like 'We encourage all tax authorities to follow the guidance in ISO 22382.'

Helpful?

ITSA at the Tax Stamp Forum

This year's Tax Stamp Forum takes place from 11-13 September, in Budapest, Hungary and, as usual, ITSA has lined up a series of activities in and around this important event for our industry. Here is a preliminary list of what we've got planned:

Wednesday 11 September

Morning – closed meeting, followed by lunch, for revenue and customs authorities, hosted by ITSA

Evening – dinner for ITSA members only, at restaurant outside of hotel

Thursday 12 September

Morning – 20-minute plenary presentation by an ITSA member

Lunchtime – ITSA Annual General Meeting, including the voting in of new board members

Friday 13 September

Lunchtime – first meeting of the new ITSA board

We'll also have a manned booth set up in the exhibition hall during the entire course of the Forum.

We do hope to see a large number of members at all these events and will be back to you soon with firmer details, including AGM voting documents. In the meantime, please let us know if you have any ideas for discussion themes at the closed meeting for revenue

authorities (it's a blank canvas at the moment!), including whether you'd like to participate as a speaker at this event.

Other Events this Year – Past and Confirmed

4th ENSP-SRP International Conference on Tobacco Control – 27-29 March 2019, Bucharest, Romania – ITSA General Secretary Nicola Sudan gave presentation on ISO 22382 and high-quality tax stamps – <http://enspconference.org>.

FTA Tobacco Tax Annual Meeting – 18-20 August 2019, Grand Rapids, Michigan, USA – ITSA Board Member Keith Thompson will give presentation on international developments around implementation of the global track and trace and info-sharing system for tobacco products under the WHO FCTC Protocol to Eliminate Illicit Trade in Tobacco Products - www.taxadmin.org.

ITSA in the News

[ITSA analyses the different stages of a full track and trace system](#)

[ITSA hosts a special conference in Costa Rica to highlight the latest regulatory and best-practice developments around excise tax stamps and secure track and trace systems](#)

[ISO 22382 Tax Stamps: What Does it Mean for Security Printers?](#)

Remember to Share!

Don't forget that we have a Twitter account, LinkedIn Group and WhatsApp group which we encourage you all to join, use, share, like, love and retweet!

The Twitter account is called [**InternationalTaxStampAssociation**](#) (@TaxStamp), which we urge you to follow, as well as like and retweet our messages. We only have 21 followers at the moment so we still have some work to do to boost our following.

Then there's the LinkedIn group called [**International Tax Stamp Association**](#). Again, we only have 62 members in this group, and need to build this number up as well. Please remember to visit this group from time to time and to regularly 'like' or comment on the posts – as well as to post your own messages of relevance to the tax stamp community.

Finally, WhatsApp! Our WhatsApp group is a more casual, closed domain for members only, designed for the quick exchange of messages concerning our members, our association, and our community. If you're not yet on this group, please send your mobile phone number

to the secretariat and we'll add you to it.

Get In Touch

If you have any questions please don't hesitate to get in contact with the secretariat team:

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