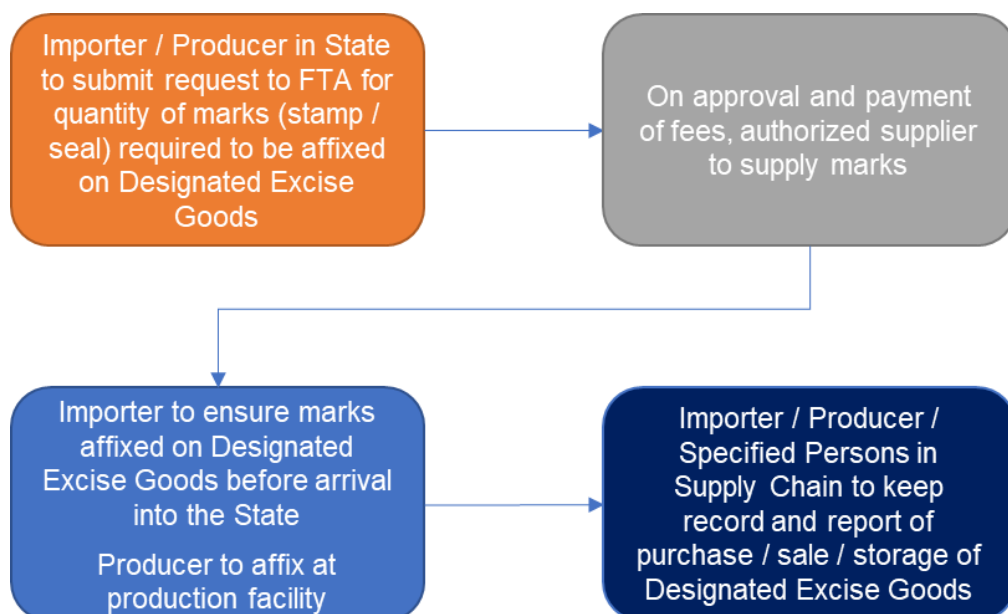


## FTA introduces a Marking System for Tobacco & Tobacco Products

### Introduction

The Federal Tax Authority (FTA) has recently issued Cabinet Decision No. (42) of 2018 on implementation of mandatory requirement to affix mark (digital / physical stamp) on tobacco and tobacco products. The measure has been introduced in order to track the payment of Excise Tax on the supply of such goods.

We are pleased to summarise the Cabinet Decision below:





## Affixing Marks on Designated Excise Goods

Marks (defined to mean a digital or physical stamp or seal or mark) to be affixed on designated excise goods (Tobacco and Tobacco products) at either of the following locations:

1. **For the Producer:** at the production facility located within the State immediately after packaging, if produced within the State
2. **For the Importer:** at the location outside the State prior to Import if produced outside the State

## Date on which Marks will be available

The Authority to issue separate decision on:

- The date on which marks will be available to place an order
- The date on which it will not be permissible to import designated excise goods without marks
- The date on which it will not be permissible to supply designated excise goods in the State without marks

## Procedure for procuring Marks

- The importer / producer in the State will be required to submit request to the FTA indicating the quantity of designated excise goods required for affixing marks
- On approval of the request by FTA, the importer / producer can purchase marks from authorised supplier on payment of fees
- Option to send marks directly to the producer's location outside the State available.

## Tracking Designated Excise Goods

- The Importer, Producer and Specified Person (defined to mean the person handling the designated excise goods) shall keep records of the movement (entry, intermediate movement and exit) of designated excise goods
- All of the above persons will be required to keep records and report designated excise goods that have been purchased, sold, stored, transferred or otherwise handled in the System
- Recorded data cannot be modified or deleted
- The Customs department shall verify marks when goods enter into the State



### **Storage of Marks**

Marks to be stored securely and minimum security requirements will be notified by the Authority for storage.

### **Our Comments**

Affixing mark / stamp on the tobacco products is introduced to ensure excise duty is discharged on all tobacco and tobacco products. According to the news reports, a mark / stamp on these products will be mandatory from the beginning of 2019.



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