

## Industry body cautions against illegal cigarette tracking system

By Zoe Mahopo - 23 May 2019



The Tobacco Institute of Southern Africa (Tisa) has warned tax authorities against wasting billions of rand in pushing for the implementation of a new illegal cigarette tracking system

Image: FILE

The Tobacco Institute of Southern Africa (Tisa) has warned tax authorities in SA against wasting billions of rand in pushing for the implementation of a new illegal cigarette tracking system. According to Tisa, the SA Revenue Service (SARS) intends awarding the multibillion-rand tender to one company yet there is no guarantee that the system can curb R8bn losses incurred due to illegal cigarette trade.

“SARS intends to appoint a single service provider for an unprecedented eight years to implement a system which will impact on wholesalers, retailers, distributors and manufacturers at significant costs and without consulting the value chain stakeholders. The contract will be worth billions of rand to the winning bidder,” stated Tisa.

The project was apparently conceptualised under Tom Moyane’s watch when he was SARS commissioner. A request for proposals was issued on April 26, with a deadline of June 20 for bidders to submit proposals. Tisa chairman François van der Merwe raised

concerns that SARS was trying to implement a the system within 12 months while it had taken at least four years of consultations and trials in other countries.

“Rolling out such a sophisticated, IT-intensive system requires enough time for preparation, consultation and testing, and Tisa is concerned that the rushed process being followed by SARS has skipped these critical steps. It will impose excessive and impractical regulatory burdens on small retailers when the real problem lies with local manufacturers who are evading taxes,” Van der Merwe said.

He said the error in the tender request sent out by SARS was that it does not reflect the realities of the cigarette market in SA.

“The system specified in the tender will capture only the legal market and could drive illicit trade up further.” [mahopoz@sowetan.co.za](mailto:mahopoz@sowetan.co.za)

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