

FAQs on Tax Stamp Scheme for Excise Goods in the Sultanate of Oman (Industry)

January 2023

Introduction

Oman Tax Authority (OTA) announced the implementation of the Digital Tax Stamp (DTS) scheme on designated goods subject to excise tax. The scheme mainly aims to limit the circulation of counterfeit goods within the Sultanate of Oman and is a measure against smuggling of excise goods to the Sultanate of Oman without payment of taxes and fees due. The OTA provides responses to the most frequently asked questions (FAQs) regarding the Digital Tax Stamp Scheme of Excise Goods, which are as follows:

- **What Is the Digital Tax Stamp Scheme?**

In 2019, Oman announced the imposition of the excise tax at various rates on a range of goods subject to the excise tax, in accordance with the Unified Agreement on Excise Taxation for the Gulf Cooperation Council of the Arab States of the Gulf ("GCC") executed by all the GCC states. The digital tax stamp scheme is a measure the OTA will begin enforcing whereby certain goods subject to the excise tax will require to have a digital tax stamp ("DTS"). Initially, physical and digital marker requirements will apply to Cigarette's products and in the near future markers will be required for more of excise goods. Following the implementation of this scheme, it is not permissible to import any designated excise goods to the Sultanate of Oman that do not have affixed on them a valid and activated stamps.

- **What is the purpose of the Sultanate of Oman's Implementation of the Tax Stamp (DTS) Scheme?**

Physical markers limit the circulation of counterfeit and inauthentic goods, in addition to limiting instances of smuggling of excise goods within the Sultanate of Oman and thereby reducing the possibility of tax evasion. The OTA seeks to address these problems by ensuring that the certain goods do not enter the Oman market, while ensuring the efficient and timely collection of due taxes and customs duties.

- **What are the products that will fall under the Tax Stamp Scheme?**

The scheme will initially apply to Cigarette's products from 30th June. Later, its applicability will be extended to include Shisha, other tobacco products, Special Products, and soft drinks.

The application will be carried out in accordance with a time schedule set by the OTA with the target being to fully implement the scheme on all the designated excise goods by the end of 2023.

- **What are the markers on the cigarettes?**

A marker is a distinctive mark in the form of an electronically activated physical marker and digital code marker containing digital data placed on the excise goods. The marker is requested, placed, and tracked through a tracking control program; cigarette manufacturers and relevant stakeholders are required to abide by the stamp scheme obligations in order to be able to import and offer cigarettes for consumption in Oman.

- **What are the markers on Other Tobacco Products and Special Products?**

A marker is a distinctive mark in the form of an electronically activated physical marker containing digital data placed on the excise goods. The marker is requested, placed, and tracked through a tracking control program; tobacco manufacturers and relevant stakeholders are required to abide by the digital tax stamp scheme obligations in order to be able to import and offer Shisha, other tobacco products and special products for consumption in Oman.

- **What are the markers on Soft Drinks and Energy Drinks?**

For imported soft drinks and energy drinks these will be marked with a distinctive electronically activated physical marker containing digital data placed on the goods. The marker is requested, placed, and tracked through a tracking control program; importers and relevant stakeholders are required to abide by the digital tax stamp scheme obligations in order to be able to import applicable soft drinks and energy drinks for consumption in Oman.

For locally manufactured soft drinks and energy drinks these will be marked directly to the product with digital code marker containing digital data placed. The marker is requested, placed, and tracked through a tracking control program; manufacturers and relevant stakeholders are required to abide by

the digital tax stamp scheme obligations in order to be able to manufacture applicable soft drinks and energy drinks for consumption in Oman.

- **What are the main objectives of the DTS Scheme?**

1. Enhance the OTA's ability to efficiently oversee and carry out collections of excise tax due on tobacco products, special products, soft and energy drinks imported to the Sultanate of Oman.
2. Enhance the ability to verify the safe entry of the excise goods to the Sultanate of Oman in a well-regulated and systematic manner; thus, ensuring the collection of all taxes and fees due on these goods.
3. Enhance the capabilities of the relevant authorities to identify and inspect imported goods and maintain proper data to identify the extent of the illicit trade in tobacco products, special products, soft and energy drinks and identify measures to eliminate it to the extent possible.
4. Meet the compliance standards set by the World Health Organisation's Framework Convention on Tobacco Control (FCTC) through the ability to track tobacco products compliant with these standards.

- **What are the main stages for the implementation of the Tax Stamp Scheme?**

Cigarettes Implementation Milestones		
30 of June 2022	14 of October 2022	1 of February 2023
Importers subject to the Tax Authority Decision No. 210/2022 based on excise tax law promulgated by Royal Decree No. 23/2019 and Decision No. 51/2020 will be able to submit applications to request markers to be delivered to manufacturers in order to place them on products that are to be imported.	Products that do not have affixed to them, valid and activated markers, will not be permitted entry into the Sultanate of Oman through its ports of entry.	Products that do not have a valid and activated marker affixed to them, cannot be offered for consumption in the Sultanate of Oman through sale or trade or any other means.

Shisha and Other Tobacco Products Implementation Milestones		
19 of September 2022	12 of December 2022	14 of March 2023
Importers subject to the Tax Authority Decision No. 210/2022 based on excise tax law promulgated by Royal Decree No. 23/2019 and Decision No. 51/2020 will be able to submit applications to request markers to be delivered to manufacturers in order to place them on products that are to be imported.	Products that do not have affixed to them, valid and activated markers, will not be permitted entry into the Sultanate of Oman through its ports of entry.	Products that do not have a valid and activated marker affixed to them, cannot be offered for consumption in the Sultanate of Oman through sale or trade or any other means.

Time schedules will be announced at a later date for special products, soft drinks, and energy drinks, which will be subject to the scheme in due course.

- **How will the scheme actually work after commencement of implementation?**

The DTS System (online web portal) will be available for use by the approved authorised and trained users. There will be physical markers and digital codes, where applicable, that are to be applied/affixed to the relevant excisable products.

- Persons registered with the OTA for the purposes of the excise tax for applicable excise products will be able to place an order to obtain markers through the order management.
- Orders will be reviewed by the OTA, and upon its approval, the physical markers will be shipped to the specified manufacturer in order to be placed on each pack. Digital marker entitlement will be made available post order approval, where applicable. The manufacturer will activate

the physical markers and place digital codes, where required, on the packs, cartons, and larger containers.

- Manufacturers will submit the details of the affixed, unused, unneeded, or damaged markers to the central database and then dispatch them to the importers/distributors.
- The excise goods will be shipped from the manufacturing company to the Sultanate of Oman. The OTA will be notified that goods have been cleared through Customs.
- The Customs officials will verify the presence of a valid and activated physical marker on all applicable individual products within the shipments to be received, starting from the Customs Enforcement date specified by the OTA. Customs will not release the Excise Goods that do not carry such marks.
- The OTA inspection teams will check the presence of a valid and activated physical marker on all the packs available in the Sultanate of Oman starting from the retail Enforcement date specified by the Authority. Appropriate legal action will be taken against the violators, whether importers or traders who hold these goods.

- **Will training be provided?**

DLR will work with all relevant organisations to provide the relevant training, and any support prior to and after the launch.

All users will require to complete training as part of onboarding with De La Rue prior to having access to the DTS System.

- **Is there a Support Centre?**

The DTS System has a customer care support team that are available to support port Go Live for any queries or issues that arise with the system. The DLR integration team will also be available to support each manufacturing site for their first few manufacturing runs following sign off to the live system. The details for customer care are as follows:

Email –

Telephone - +968 80074187

- **What software systems are required?**

There are no specific software systems required as an importer/taxpayer role. The Digital Tax Stamp System is an online web portal.

Manufacturers require software known as Product Line Activation (PLA) requires software to be downloaded to a designated PC/laptop. DLR will

required remote access to this PC during download of the software and It is recommended that this is a standalone PC that is located in the same area as where the physical markers are to be stored.

Additionally, manufacturers of cigarette products require to have the capabilities to automatically affix physical markers, print digital codes, camera systems installed on production lines and software to record and upload the aggregation and shipping data. No equipment or systems will be mandated by DLR or the OTA. There is a suggested list of suppliers available, where required, for the different types of equipment and systems.

- **What will the physical marker look like and where will it be placed on the excise goods?**

The physical marker design and positioning of the marker for products can be viewed on the Oman Tax Authority Portal.

- **Where can I find how to register for importers/ manufacturers in the Digital Tax Stamp Scheme?**

OTA approved organisations can contact the customer care at to register to the DTS System.

- **How are payments made for markers?**

As standard the purchase agreements, with agreed terms and conditions, are setup between your manufacturer and DLR.

- **What should importers do with unused markers/damaged markers?**

The importer does not need to do anything with regards to any unused or damaged markers during production. There is a specific procedure to deactivate and destroy the physical markers in specific cases, which the manufacturer will be made aware of.

- **What should taxpayers do with expired/unsold/damaged marked product?**

The taxpayer needs to continue to follow the local legislation, standards and regulations regarding the manner and recording of disposal of expired, unsold, or damaged goods from the market. There is no requirement within the DTS System for this activity to be recorded.

- **What is the validity period for the markers?**

Each marker must be placed on the excise goods packs and activated within 12 months of purchase. There is no period by which markers must be deactivated after activation, they then link to the validity of the excise product to be consumed by the final consumer.

- **Is there any specific number of markers that must be ordered?**

There is no maximum number of markers that can be ordered by the taxpayers but there is a Minimum Order Quantity (MOQs) that depends on the form of the markers to be ordered (reels or bundles). The MOQ for each of these forms are as follows:

Dry Bundles: 1 box (70,000 markers)

Self-Adhesive Reel: 1 reel (5,000 markers)

Dry Sheets: 1 Sheet (280 markers)

When placing an order on the Digital Tax Stamp System for the specific marker format required by your manufacturer, the quantity entered will reflect the number of boxes or reels that are required, not individual markers, for example by entering a quantity of 1 box, your manufacturer will receive 70,000 single dry markers with the equivalent number of digital codes entitlement, where applicable, being available for them within the system.

*Please note, Dry sheets are not common SKU's and would require to be managed via exceptions only. If required, please contact the DLR support team to discuss your requirements. Additionally, this should be identified via the onboarding questionnaire initially provided.

- **Do you supply trial or test physical markers?**

No, it is not possible to supply test markers. Once the organisation has been successfully signed off and provided access to live, importers/ local manufacturers will be able to order live product which is to be used for testing.

- **When placing an order for cigarette products, is a separate order required for physical markers and digital codes?**

No when an order is placed in the DTS System for cigarette products then the manufacturer is issued with the same volume of digital codes. These are made available to them following receipt of the order at their site.

- **What if manufacturers require top ups of the digital codes?**

There will be a stock keeping unit (SKU) within the DTS System that is available to order digital codes only. This is to support manufacturers who apply the digital code onto the pack before the physical marker which can result in more digital codes used (wasted) than physical markers due to various production line issues.

The digital code SKU will be available for the manufacturer to order but will follow the same process as all other orders and will require approval from the government.

- **What digital code do manufacturers print on cigarette products when they have their own local legislation to meet?**

The DTS System will have the capability for a code pairing event to be submitted to allow those manufacturing sites that are located in areas that have local legislation to follow e.g. Europe. This will result in the code printed on the packs to show what the local legislation requires from that site, but when the code is scanned by enforcement or consumers the DTS System recognizes the code.

- **Does the manufacturer get notified when their importer places an order in the Digital Tax Stamp System?**

The automatic email notification that is released following order placement and approval of order is released only to the organisation that the user who has placed the order is linked with. The importer needs to continue and maintain their existing communication methods with their manufacturer. The customer order reference field, free text field, within the order management system, needs to be used to reflect the reference that both the importer and manufacturer recognise e.g. the PO reference that is used between the two organisations.

- **Is a Purchase Order required?**

No, there is no requirement for a purchase order to be placed, but the customer order reference field, free text field, within the order management system, needs to be used to reflect the reference that both the importer and manufacturer recognise, which could be the relevant purchase order reference.

- **How will the consumer recognise non-compliant goods and the applicable dates for the implementation?**

There will be a marketing campaign to focus on what the consumers need to be made aware of, which will include the presence of the markers on the excise products, access to verify markers with the use of the mobile application, and the appropriate actions required if illicit or non-compliant products are found and how to report them to the OTA.

- **What actions will be taken against those who fail to comply with the Scheme?**

The published regulation Tax Authority Decision No. 210/2022 based on excise tax law promulgated by Royal Decree No. 23/2019 and Decision No. 51/2020 outlines the sanctions and penalties that will be enforced for all non-compliant products.