

## Urgent action needed to prevent recurrence of alcohol deaths in Costa Rica

A global trade body has called for immediate action to prevent a repeat of recent deaths caused by adulterated alcohol.

Twenty-five people have lost their lives in Costa Rica after being exposed to alcohol mixed with methanol, a colourless poisonous substance found in the antifreeze.

The International Association of Tax Stamps (ITSA) has called for secure alcohol tracking and tracing systems, saying it could prevent a repeat of tragedies, help save lives and allow tax authorities recover more consumption taxes.

The organisation, which promotes the benefits of tax stamp programs and best practices within the sector, has now contacted the government of Costa Rica to offer its condolences and support to help identify and implement systems tracking and tracing.

Juan Carlos Yáñez Arenas, president of ITSA, said: "We are

ready to share our experience with the government of Costa Rica and other stakeholders. We have deep experience on the ground to address the serious problem of illicit activity by alcohol producers, which is so harmful to governments and their citizens. As an association we know that there are effective systems, which are affordable and the aim of producing a return on investment."

"The operating system in Ecuador, for example, allows consumers to verify the authenticity of the product in real time and ensure that the liquor is safe to drink. It has resulted in a 20% increase in excise duty and the detection of numerous smuggling networks. "

"And in Colombia, some regions have experienced an estimated 14% increase in the legality of alcoholic products, thanks to the implementation of a control system based on tax stamps and traceability."

ITSA is also interested in working with the Costa Rican government to highlight the benefits of tracking and tracing systems, particularly that they are profitable and offer a good return on investment. In Costa Rica, 60% of

liquor products are somehow illicit, representing an annual loss of \$90 million in excise duty, plus additional VAT and corporate income tax evasion.

An independent tracking and tracing system would address this problem and offer a cost-benefit remediation of up to 1:15.

Another deterrent is the perception that illegal products that may be unsafe or non-taxable are not easily identifiable, but ITSA said this can be countered by technologies that ensure that a product cannot be copied.

Mr. Yáñez continued. "The systems work by marking each unit of a legitimate product in a way that is not counterfeit, using safety inks and/or placing a high-security tax stamp. This is supported by the assignment of a unique digital identity, meaning that a unit can be traced throughout its lifecycle by capturing data whenever there is a change in the chain of custody. Secure markup has visible and invisible elements and allows consumers and inspectors to verify that the product is genuine.

"It is important that this information is available to counteract some of the myths that currently exist. There are many parts that feel comfortable or benefit from the current dangerous status quo and propagate these myths, which stand in the way of implementing effective systems."

More than 150 revenue agencies (national and state governments) worldwide use tax stamps to collect valuable taxes and excise duty payments, implying global production of some 140 billion annual stamps. In addition to providing visible proof of tax payments and revenue collection, tax stamps also contain functionalities for product authentication, avoiding the manipulation of tax stamps and tracking and location.

[www.tax-stamps.org](http://www.tax-stamps.org)



*The operating system in Ecuador, for example, allows consumers to verify the authenticity of the product in real time and ensure that the liquor is safe to drink. It has resulted in a 20% increase in excise duty and the detection of smuggling networks*