

“Tax collection in the beverage industry increased considerable with this more advanced approach to monitoring production, known as SICOBE. In the tax arena, certain tax avoidance tactics exist that efficient measures, like this system, eliminate. SICOBE makes it possible to more reliably and accurately monitor [the production of each beverage] in real time.”

Otacilio Cartaxo

Secretary of the Brazilian federal tax authority,
quoted in Folha de Sao Paulo, April 6, 2010

SCORPIOS tobacco tax remediation system

In early 2007, the Brazilian government awarded SICPA Brazil the contract to implement and operate a SICPA-TRACE® tobacco monitoring system. Due to the vast expanse of the country, it was imperative to take into account the numerous manufacturing sites, production lines and long distances.

In the summer of 2008, the new Brazilian tobacco system, SCORPIOS, went into action. It consists of a state-of-the-art, secure, coded fiscal stamp applied to each cigarette pack, enabling products to be monitored from the manufacturers’ production lines to the distributor to the retailer. The data is stored on a centralized government database and law enforcement officers are provided hand-held devices to authenticate products in the field.

Since 2008, SCORPIOS monitors and secures revenue for more than 5 billion cigarette packs each year. In the first three months of operation at the national level, SICPA’s technology helped the Brazilian government collect \$90 million more in tobacco excise tax revenue than originally forecasted. Five legal manufacturing sites with undeclared or illegal production, which contributed to approximately 16 percent of market share, but only 0.7 percent to tax revenue, were shut down as a result of the track-and-trace system. Between 2007 and 2009, tax revenue increased by 24 percent, with a 6 percent reduction in illicit trade.

SICOBE beverages monitoring platform

After the successful implementation of SCORPIOS, the Brazilian government decided to extend its mandate to create another system, called SICOBE, to count, record, authenticate and monitor all beer, soft drinks and water production on manufacturing lines.

One of the challenges encountered was to identify and classify brands and beverage types in real time on high-speed production lines (processing more than 1,200 products per minute). A Vision System was tailored to take into account the wide disparity of sizes and shapes. The combination of this visual mapping and the unique, secure code printed onto each product was a novel approach and an unmatched solution in the market.

According to the Brazilian federal tax authority, federal taxes collected in 2009 in the beverage industry rose by 20 percent because SICOBE, which secures about 39 billion products each year, hindered tax evasion in the sector.