

# Kenya gets QR code stamp

Illicit trade costs treasuries billions each year. As part of the rollout of a wider system to strengthen revenues and fight black market goods, the Kenya Revenue Authority's (KRA) new generation of tax stamps has had a big impact, writes the International Tax Stamp Association.

In a move to help the country's distributors, retailers and consumers to authenticate the legitimacy of excisable products, The Kenya Revenue Authority (KRA), based in Nairobi, introduced a new generation of tax stamps featuring a secure, serialised QR code and a corresponding string of letters and numbers (alphanumeric) that are visible to the human eye. This move, along with a smartphone app that scans the code to prove authentication, is enhancing compliance and easing the

verification and traceability of goods throughout the supply chain. It builds upon the existing features of the current tax stamps provided by secured identification, traceability and authentication solutions provider SICPA, along with a production monitoring and traceability system.

According to the KRA, excise revenue grew by more than 28 per cent in the 2015/16 year to almost KES 49 bn (USD 485 m) following adoption of the secure QR code tax stamps. The same period also saw domestic

excise revenue grow by 43 per cent, contributing an additional KES 8 bn to the country's Exchequer and signalling the highest growth ever recorded in the country's history of excise collection.

A key feature of the programme in Kenya was its capacity to be adapted to the needs of specific users. For instance, the public can scan the code with the smartphone app to verify that the product they want to purchase is bona fide, while an additional security layer allows the user to record the

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colour shift of the square motif printed within the code. This authenticates the code, displaying the product information contained therein on the smartphone.

Retailers and distributors 'own' a second colour-shifting motif in the shape of the KRA's lion logo and can view the covert optical nature of this feature with handheld polarising filters.

KRA inspectors are equipped with a unique encrypted invisible 2D matrix code, which carries both material and information-based security, allowing for on-the-spot validation with a handheld scanning device, while forensic analysts 'possess' the taggant technology incorporated into the stamps for prosecution purposes. A microprinting feature has also been incorporated to make it even harder for counterfeiters to reproduce the stamps.

Another key component of Kenya's integrated programme is the SICPATRACE production monitoring and traceability system.



Nairobi, Kenya

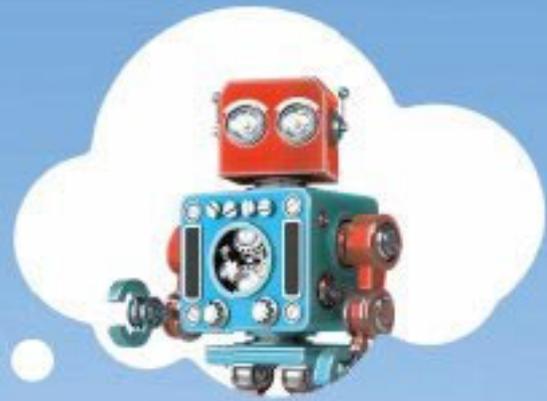
On production lines, SICPATRACE links each stamp with a product package via a secure unique identifier. A management process has been incorporated to keep stamp stock levels deliberately low to reduce the threat of theft. This involves a module for inline ordering, processing, printing, delivery, receipt, issuance and accounting which enables manufacturers to keep enough stock to cover production for a few weeks or, in some cases, two or three days.

The KRA initiative is an example of how innovative tax stamp programmes can secure revenues in parts of the world that are at risk from smugglers, brand pirates and the general trade of illicit goods. Since its introduction, the Authority says that product manufacturers, who have embraced the programme, have seen strong sales growth compared to non-stamped products. Since implementation in 2013, excise revenue has increased by 82 per cent, enabling more than KES 200 bn to be recovered from KRA projects.

A recent UN report acknowledges tax stamps' ability to meet new product protection and security needs as well as the paramount role they play in securing excise revenues for national authorities and protection agencies. It's clear that Kenya and the KRA also see the value of revenue-gathering strategies through tax stamp programmes.

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