



## Excise Tax 2.0

### Impact on Beverage Industry

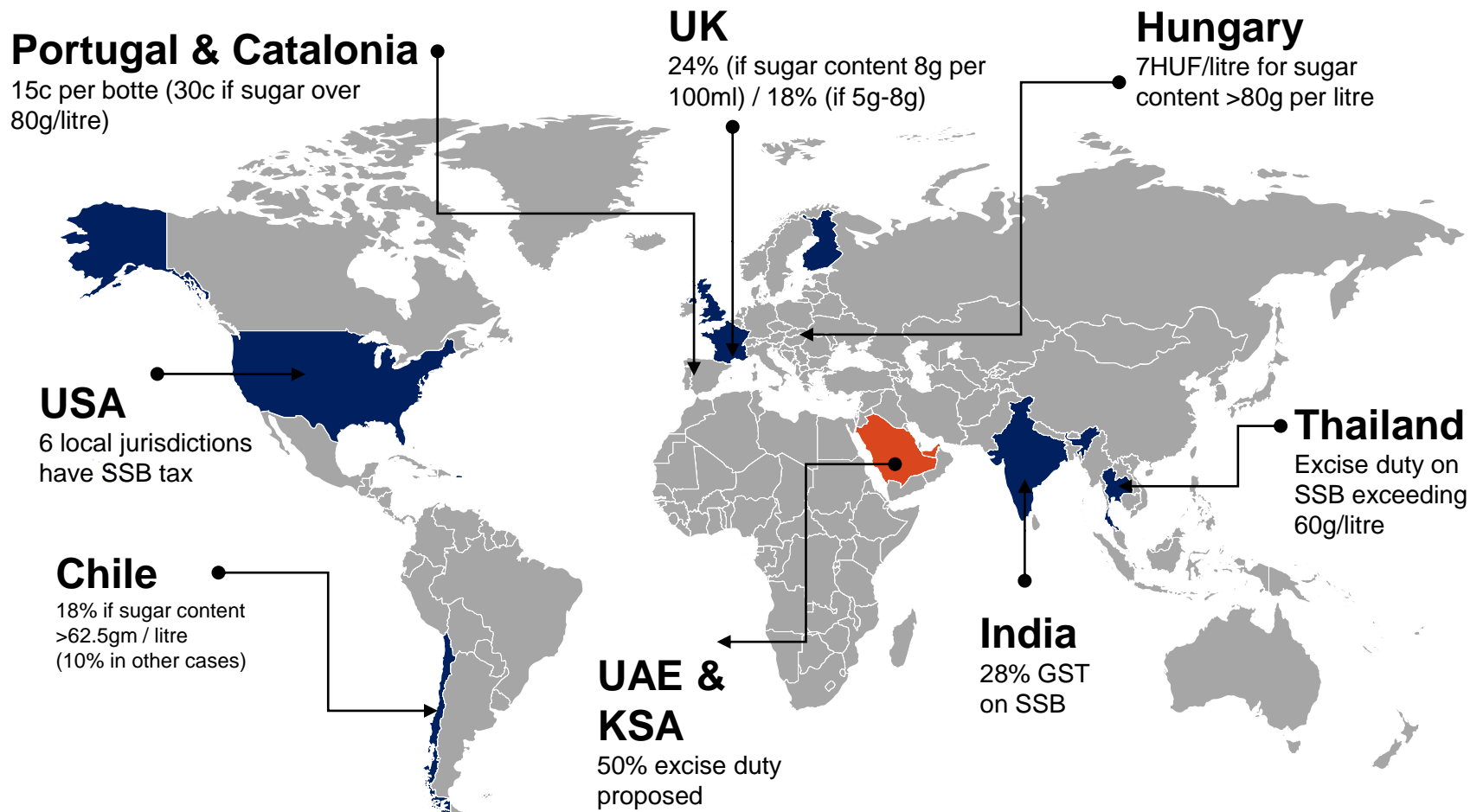
*Are you ready to comply?*

August 2019



wts dhruva  
consultants

# SSB\* Tax around the World



On recommendation made by the WHO in year 2017, many countries have introduced higher tax on sugary drinks – latest to follow are KSA & UAE

\*Sugar Sweetened Beverage (SSB)

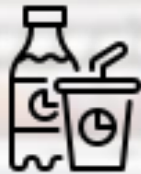
\*\*SSB tax rates based on information available in public domain

# UAE Press Release

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On 20 August 2019, the UAE Cabinet has adopted decision to levy excise duty on the following goods, starting 01 January 2020,



## Sweetened beverages, Sugary drinks

(any product with added sugar or other sweeteners, whether in form of a beverage, liquid, concentrate, powders, extracts or any product that may be converted into a drink)

**50%**



## Electronic Smoking Devices

(electronic smoking devices, whether or not they contain nicotine or tobacco, as well as the liquids used in electronic smoking devices)

**100%**

# Excise on SSB Products - Coverage



## Included

- Non-carbonated / flavoured drinks
- Juices with added sugar
- Drinks with artificial sweetener
- Syrups, concentrates, nectars, sherbets



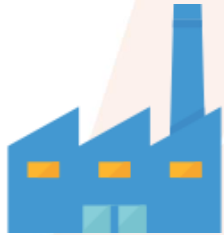
## Excluded

- Milk / Milk based products
- Natural juices
- Drinks with no sugar
- Infant formula
- Drinks for medicinal use

- Carbonated drinks and Energy drinks subject to excise duty since inception
- Proposed levy on SSB products to cover non-carbonated / flavoured drinks.
- Beverages with sugar / sweetener content will be covered.

# Impacted Businesses

*Recurring Compliance as  
Manufacturer / Importer*



Manufacturers of  
SSB drinks



Importers /  
Distributors

*Transition Compliance as  
'Stockpiler'*



Retailers /  
Supermarkets



Hotels



Restaurants

# Challenges for Beverage Industry

01

## Classification

- Classification of products into SSB drink and non-SSB drinks
- Registration of products with FTA

02

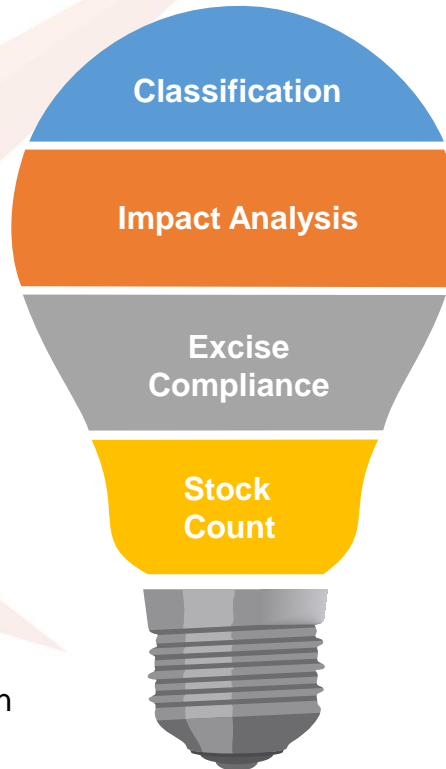
## Impact analysis

- Pricing impact
- ERP changes
- Transition

03

## Valuation

- Valuation for the purpose of excise tax on
- a. Standard price fixed by FTA or
  - b. Arriving at designated Retail Sale Price



04

## ERP system changes

Changes in ERP system / billing, systems to configure excise tax, capture records for excise compliance

05

## Stockpiler

Stock count as on 31 December 2019  
Registration, Excise Compliance and De-registration

06

## Excise Compliance

Maintenance of excise records, filing inventory declaration, excise returns and discharging tax on timely basis



# How We Can Help?

Preparation	Implementation	Compliance
<ul style="list-style-type: none"><li>• <b>Representation before the FTA</b><ul style="list-style-type: none"><li>○ Deferment of levy</li><li>○ Lower ET rate</li><li>○ ET on pro-rata sugar content value</li></ul></li><li>• <b>Excise bonded warehouse</b><ul style="list-style-type: none"><li>○ Evaluate tax suspension</li><li>○ Cash flow benefit</li><li>○ Assist in bonded warehouse registration</li></ul></li><li>• <b>Classification of SSB and non-SSB drinks</b></li><li>• <b>Product Registration with FTA</b></li><li>• <b>FTA Clarification</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Impact Analysis</b><ul style="list-style-type: none"><li>○ Stock Count as on 31 December 2019</li><li>○ Transition</li><li>○ Documentation</li><li>○ Pricing impact</li><li>○ Calculation of DRSP</li><li>○ Supply chain management</li><li>○ ERP changes</li><li>○ Contract restructuring</li><li>○ Training</li></ul></li><li>• <b>Stockpiler threshold calculation</b></li><li>• <b>Excise Registration</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Advisory</b></li><li>• <b>Excise Compliance</b><ul style="list-style-type: none"><li>○ Monthly inventory declaration</li><li>○ Return filing</li><li>○ Payment of taxes</li><li>○ Product-wise reporting of local purchases / imports</li></ul></li><li>• <b>Excise &amp; VAT Health Check</b></li><li>• <b>De-registration &amp; FTA Assessment (Stockpiler)</b></li></ul>

## Firm Profile



# WTS Dhruva Core Team

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**Nilesh Ashar**

Partner | International Tax  
(Ex. KPMG)

- Extensive knowledge of MAF Group
- More than 2 decades of work experience. Spent substantial time in UK to manage various international tax and cross border tax structuring
- Previously heading KPMG UAE tax practice



**Pratik Shah**

Partner | Indirect Taxes  
(Ex. EY)

- Headed the team to train 3,000+ VAT officials of Government of India
- Panel of World Bank – Ease of doing business country guides
- Expertise in BOFS, Retail, Infrastructure and Hospitality



**Nimish Goel**

Partner | Indirect Taxes  
(Ex. PwC)

- Handled multi-country VAT / Excise implementation and advisory projects
- More than 15 years of work experience in indirect tax compliance and structuring
- Expertise in Real Estate, Telecom, Healthcare and Oil & Gas sector

# About Dhruva

**Our  
journey  
so far...**

**Founded in the year 2014 and now  
largest Tier 1 tax boutique firm**

**Team of Ex.Big4 professionals  
25+ partners and 330+ employees**

**12 offices across India, GCC, USA and  
Singapore**

**Part of the WTS network having member firms in  
over 100 countries**

**Awards and accolades: India tax firm consecutively for  
2017 and 2018; India Tax Disputes and Litigation Firm  
of the Year 2018**

**GCC employee strength: 4 partners, 8 principals,  
2 tax agents, 50+ total team members**

# Our GCC VAT journey

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**450+ GCC VAT implementation and compliance projects**

**1**

**2 approved tax agents by FTA**

**2**

**Our success story: VAT clarifications from the FTA, VAT reconsideration (appeal) and assisted in obtaining VAT refund**

**3**



# Industry Experience



Information  
Technology



Banking &  
Finance



Industrial/ Commercial  
Goods Manufacture



Pharmaceutical



Consumer Goods  
Manufacture



Oil & Gas



Engineering  
Services



Telecommunication



Foods &  
Beverages



Power & Energy



Shipping



Automobile



Healthcare



Infrastructure &  
Real Estate



Media &  
Communication



Textile



Chemical



Education



Tourism &  
Hospitality



Trading & Logistics

# Contact us

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