



Communication to Stakeholders: The new UK Tobacco Track & Trace System

(13 December 2021)

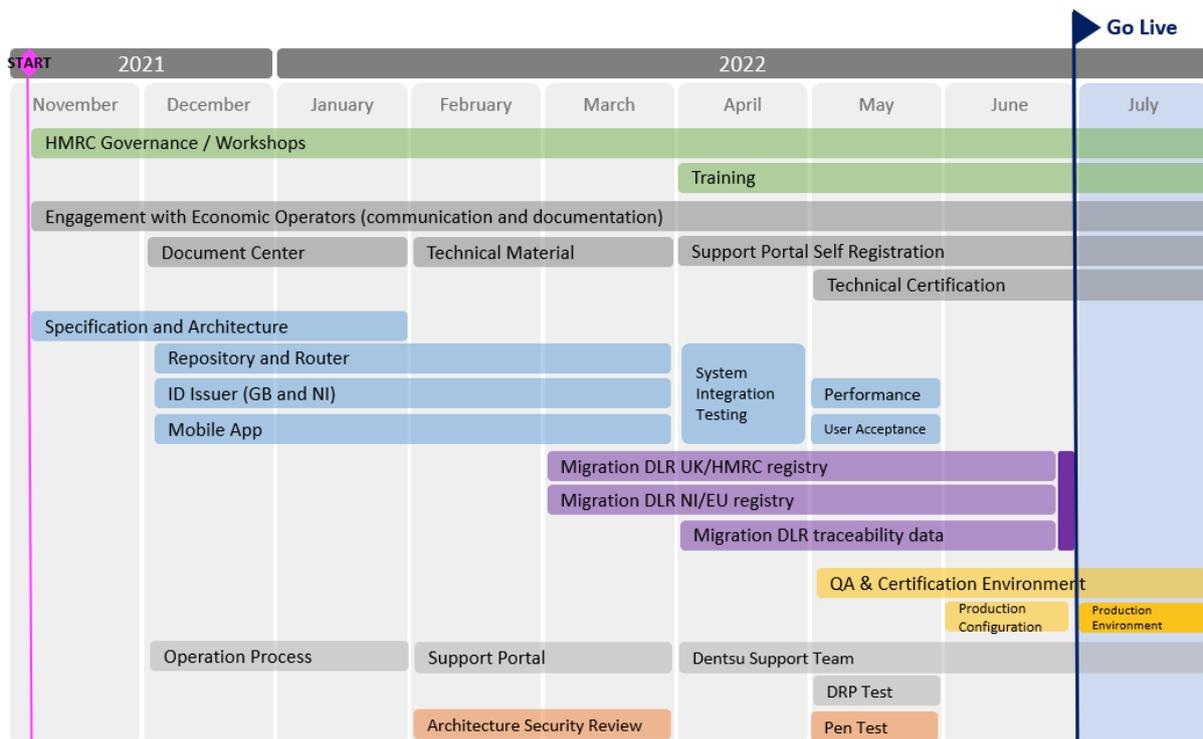
The UK Tobacco Products (Traceability and Security Features) Regulations require the tracking and tracing of tobacco products manufactured in or imported into the United Kingdom (UK), from manufacturer/importer to distributor to point of sale.

On 1 November 2021, HM Revenue and Customs (HMRC) appointed Dentsu Tracking, a specialised brand of Dentsu International Switzerland, as provider of the standalone UK Track & Trace system for tobacco products. HMRC and Dentsu have signed a five-year concession contract. Dentsu will therefore replace the current provider De La Rue.

The digital UK Track & Trace system established by Dentsu will enable the movement of legal tobacco products to be monitored (tracking) and allow the UK authorities to detect and fight the different forms of illicit trade. In doing so, the system forms an important pillar of the UK’s anti-illicit trade strategy as it enables HMRC to further reduce the circulation of non-compliant tobacco products which have not had the correct duty paid and do not meet all legal requirements in terms of content and packaging. Reducing the circulation of non-compliant tobacco products will also protect public health and support legitimate businesses operating in the UK.

The Track & Trace system that Dentsu has been contracted to establish will be implemented in accordance with the UK Tobacco Products Regulations. The system also enables the UK to comply with the WHO FCTC Illicit Trade Protocol (notably Article 8).

Dentsu are contracted to deliver an operational UK Track & Trace System on 1 July 2022. The design and development of the new UK system, up to its final implementation and operation, will go through different project stages. The table below outlines key milestones that Dentsu Tracking implements over coming weeks and months as part of the agreed system mobilisation phase.





Stakeholder engagement and support are key aspects for Dentsu during the mobilisation phase, therefore sufficient time is provided for stakeholders to test and onboard to the new UK system platform.

Relevant dates that stakeholders may already wish to consider include:

- **February/March 2022:** Publication of technical materials (e.g., functional specifications for ID issuer and Gateway/Router, data dictionary, integration packages);
- **1 April 2022:** Access to Dentsu Support Portal;
- **1 May 2022:** Opening of technical certification, QA & test environment;
- **1 July 2022:** Go-Live of new UK system.

Important obligations & characteristics

All businesses engaged in the manufacture, importation, exportation, or distribution of tobacco products into and through the UK supply chain must use the new UK Track & Trace system. The track and trace requirements currently only apply to cigarettes and roll-your-own tobacco. All other tobacco products will have to comply with the requirements from 20 May 2024.

Dentsu will provide to stakeholders all functionalities foreseen under the UK track and trace framework, including the

- generation and issuing of **identifier codes** that facilitate the registration of economic operators, facilities and machines in the system;
- generation and issuing of **unique identifiers (UIDs)** that are to be applied to all unit packets of tobacco products for the purpose of enabling the tracking of product movements through the supply chain;
- **reporting of supply chain activities** (logistic and transactional data) via a single reporting entry point, the so-called router/gateway.

The Dentsu UK system will provide a **high level of interoperability** to ensure that supply chain stakeholders can reuse existing scanning and reporting equipment as much as possible and without the need to purchase new hardware. Technical information on how to connect, use and report to the system will be made available to stakeholders in due time before opening of the test environment.

Dentsu will also implement a **code pairing mechanism** that allows imported tobacco products carrying a UID issued by a third country operating its own track and trace system, such as the European Union, to be tracked in the UK without the need to print an additional UK UID onto the product packet. Instead, the UK UID will be associated digitally with the third country UID on the packet, thereby preventing double-marking and unnecessary barriers to trade.

In accordance with the **Northern Ireland Protocol**, tobacco products manufactured in or destined for Northern Ireland must be tracked in both the UK system and the EU system. For the purpose of Northern Ireland, Dentsu will issue identifier codes and UIDs used in both the UK and EU system.



Migration to the Dentsu UK system

HMRC and Dentsu are working closely with the incumbent provider De La Rue to ensure a **smooth migration** from the current to the new UK system. This includes the

- transfer and integration of identifier codes so that stakeholders can continue using their existing identifier codes in the Dentsu UK system;
- transfer and integration of existing traceability data to facilitate the reporting of messages to the Dentsu UK system for products released into the supply chain prior to 1 July.

As of 1 July 2022, all requests for identifier codes and UIDs must be submitted to the new UK system. HMRC and Dentsu are going to share with stakeholders more details on the migration process throughout the mobilisation phase.

Stakeholder engagement & support

Dentsu will actively engage with all stakeholders by means of **different communication avenues**, including specific technical documentation, guidelines, webinars, and workshops. Support activities will consider the different stakeholder groups (manufacturers/importers, distributors, retail outlets, etc.) as well as the presence of SMEs among those stakeholders.

Dentsu will participate regularly in the **HMRC Industry Working Group** to provide updates on the implementation process and to support HMRC in addressing common questions from stakeholders.

To ensure the smooth onboarding of all stakeholders, the Dentsu UK system foresees a specific **QA, certification and test environment** that allows stakeholders to properly configure and test their connection to the system before it become operational on 1 July.

A dedicated **resource centre** operated by Dentsu Tracking will be accessible to all stakeholders via a special [UK Track & Trace project website](#). The resource centre serves as central point of information for stakeholders, providing important technical material and other guidance and information on the UK track and trace system. This website will also contain information on scheduled future activities (e.g., system maintenance and updates of the technical specifications) and explain how these activities may affect individual stakeholder groups.

Additionally, stakeholders will have access to a **Dentsu Service Portal** which allows them to request system (access) credentials and open support tickets.

Stakeholders should also regularly consult the [UK.GOV site](#) for **official government guidance** published by HMRC on the track and trace project.



Questions & Answers

When do I have to stop using the current system and start using the new UK system?

The new UK system will be operational from 1 July 2022 at 00:00 (UK time).

What products are subject to the UK track and trace rules?

All unit packs of cigarettes and hand rolling tobacco manufactured in, or imported into the UK, are subject to UK tobacco track and trace rules. Other tobacco products will be subject to the UK tobacco track and trace rules from 20 May 2024.

Are there any changes to the reporting requirements for the movement of tobacco product or transactional information?

No. Packets of cigarettes or hand rolling tobacco must be tracked through the supply chain, from the point of manufacture or importation in the UK, to the first retail outlet. The last scan taking place prior to the cigarettes or hand rolling tobacco arriving at the first retail outlet.

You must also continue to report the issuing of an invoice, issuing of an order number and receipt of payment for cigarettes and hand rolling tobacco.

Who must use the new UK system?

If you manufacture, import or supply cigarettes or hand rolling tobacco to, or in, the UK market, you must be registered in the UK system. You will need an economic operator identifier code (EO-ID) for your business and facility identifier codes (F-ID) for each location at which you manufacture, store or sell cigarettes or hand rolling tobacco. If you manufacture cigarettes or hand rolling tobacco, you must also have a machine identifier code (M-ID) for each machine used in the manufacturing process.

I am a manufacturer/importer, do I need to request new identifier codes?

If you are already registered in the current UK Tobacco Track and Trace system, then your existing EO-ID and F-IDs (plus any M-IDs if you are a manufacturer) will be automatically transferred to the new system.

If you are not already registered, you will need to do so in order to comply with tobacco track and trace requirements.



I am a manufacturer/importer, how do I connect to the new UK system?

From 1 July 2022 00:00 (UK time), you will need to connect to the new system. Any technical changes you will need to make (such as the URL for the new system) will be communicated well in advance.

I am a distributor/wholesaler, do I need to request new identifier codes?

If you are already registered in the current UK Tobacco Track and Trace system, then your existing EO-ID and F-IDs will be automatically transferred to the new system.

If you are not already registered, you will need to do so in order to comply with tobacco track and trace requirements.

I am a distributor/wholesaler, how do I connect to the new system?

From 1 July 2022 00:00 (UK time), you will need to connect to the new system. Any technical changes you will need to make (such as the URL for the new system) will be communicated well in advance.

Is it possible to test my connection to the new system before it becomes operational?

Yes, Dentsu will release a technical certification, QA & test environment well in advance of the go-live date, allowing stakeholders to test their technical integration. Dentsu intends to open this environment in early May 2022.

Whom should I contact when I have difficulties connecting to the new system?

Dentsu will make available to stakeholders a Service Portal where stakeholders request system (access) credentials and open support tickets for any questions to technical/operational issues they may face. Tickets can be opened in the Service Portal via web or telephony channel. Access to the Portal will be made available well in advance through the [Dentsu UK Track & Trace project website](#).

Can I only request unit level UIDs or does Dentsu also issue aggregated level UIDs?

The new UK Tobacco Track and Trace system will allow economic operators to request both unit level and aggregated level UIDs.

Aggregated UIDs can also be generated directly by economic operators. In case of self-generation, the UID must consist of an individual unit code generated in accordance with ISO/IEC 15459-1:2014 or ISO/IEC 15459-4:2014 or their latest equivalents.



I am importing tobacco products into the UK market. My products already carry another UID, because they are manufactured in the European Union and other third countries with existing track and trace systems. Do I also have to apply a UK UID on the product packet?

No. The new UK Tobacco Track and Trace system will continue to provide a means for digitally associating a UK UID with another country or territories UID so that the UK UID does not need to be physically marked on the packet.

To enable this to happen the manufacturer must transmit a code-pairing message prior to manufacture and a code application message at the point of manufacture.

The code pairing event creates the digital link between the manufacturing events and the product data captured when the UK UIDs are ordered, resulting in there being no need to then apply a UK UID on the product packet.

Does the new system allow me to reuse my existing scanning and reporting equipment?

Yes. The new system will allow for the reuse of existing scanning and reporting equipment, subject to any necessary software changes. Dentsu will provide technical specifications for scanning and reporting equipment to ensure software is properly configured and economic operators can send data to the UK system (and also the EU router in the case of Northern Ireland).

Dentsu will align its technical specifications as much as possible with those currently implemented in the UK and very similar to the specifications used for the EU router to ensure minimal impact on stakeholders.

What validation rules will Dentsu implement and when are those becoming applicable?

All the necessary validation rules will be implemented into the new system from the go-live date of 1 July 2022.

Details on all validation rules, including their scope, will be detailed in the technical specifications published by Dentsu. HMRC and Dentsu intend to communicate to stakeholders more information on the applicability of all validation rules.

To ensure a smooth migration and to minimise disruption on supply chain operations, data generated in the current system prior to 1 July 2022 will be treated different from data generated as of 1 July in the new UK system.

Many supply chain activities are fast-paced and require short response times. Does the new system adequately account for this?

Yes. The new system will fully meet the UK's unique requirements including fast response times and the permanent capacity to handle the necessary volume of messages with flexibility to increase that capacity to handle exceptional peak demands.



How can I contact Dentsu if I have a question?

Stakeholders will have access to a Dentsu Service Portal which allows them to request system (access) credentials and open support tickets. Tickets can be opened in the Service Portal via web or telephony channel. The Service Portal will be accessible through the [Dentsu UK Track & Trace project website](#).

Dentsu will also participate regularly in the HMRC Industry Working Group to update on the implementation process and to support HMRC in addressing common questions from stakeholders.

How can I contact HMRC if I have a question?

Any questions to HMRC should be addressed by e-mail to the Tobacco Track & Trace team at tobaccotracktraceteam@hmrc.gov.uk.

Does a new UK system mean that there are also new technical specifications and data dictionary published?

Yes, Dentsu will release technical specifications and the data dictionary for the new UK system. Those documents will comply with all UK requirements and be aligned as much as possible with the technical specifications currently implemented, in order to minimise any necessary software changes by stakeholders.

Do HMRC and Dentsu intend to align the UK system with future changes implemented by the EU Track & Trace system?

Yes. In line with the provisions of the Northern Ireland Protocol the new UK system will continue to be updated for any changes made to the EU Track & Trace system that also need to be implemented for Northern Ireland.

Dentsu will transfer existing track and trace data from the incumbent provider. Does this include UK UIDs and paired (digitally associated) UIDs? Will I be able to use the transferred UIDs after 1 July 2022 to report to the new system for the concerned products?

Yes. All data held in the current UK Tobacco Track and Trace system will be transferred to the new system enabling UIDs purchased and activated before 1 July 2022 to continue to be recognised in the new system.

Will all UIDs issued by DLR be captured in the new system allowing products to continue moving and be tracked through the supply chain?

Yes, transferred data will include UK UIDs and paired (digitally associated) UIDs enabling products to continue to be tracked through the new system.



If after 1 July 2022 I have in stock UIDs generated by the incumbent supplier, and these UIDs are not yet activated, can I send activation messages and code-pairing messages to the new UK system for those UIDs?

Yes, UIDs generated (and issued) by DLR, but not yet activated on 1 July 2022, will be transferred to the new UK system and can be activated in the new system thereafter.