

Issue Brief: Sugar Tax Consultation

4th January 2018

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WHY CONSIDER A SUGAR TAX?

Bermuda is in the midst of a national obesity crisis. The Ministry of Health's 2014 STEPS Survey found that 75% of the island's residents are overweight or obese. Bermuda's prevalence of obesity and diabetes is one of the highest amongst the developed world. The World Health Organization (WHO) proposes the use of economic tools to improve health outcomes and direct persons towards healthy options. Following the 2017 Throne Speech, the Government is consulting on a proposed Sugar Tax for Bermuda, at gov.bm/health-public-consultations.

CONSULTATION OVERVIEW

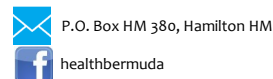
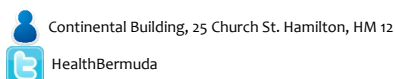
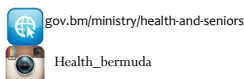
- Subject of this consultation:** A proposed "Sugar Tax" that will apply to the importation of sugar, candies, sodas and other beverages with added sugar into Bermuda.
- Scope of this consultation:** The Government announced in the Throne Speech, September 2017 that it would consult on the implementation of a Sugar Tax. This consultation document sets out proposals for how the tax will be applied and implemented. We are seeking your feedback on the impact to inform the final structure of the tax.
- Consultation period:** Eight weeks, starting on 4th January and ending on 1st March 2018.
- After the consultation:** Responses will be reviewed and suggestions may be incorporated into the proposed sugar tax model. We will then publish the responses on the government portal www.gov.bm
- Getting to this stage:** The Ministry of Health has reviewed various jurisdictions for their methods of implementation and are guided by international organisations such as WHO and PAHO regarding the benefit of a sugar tax. The Ministry of Health has also considered the consumption of, in particular, sodas and other sugar-sweetened beverages by Bermuda's residents and their contribution to the obesity problem in Bermuda.
- Previous consultations:** This is the first public written consultation on the issue. The Ministry of Health has collaborated with the Ministry of Finance and the Customs Department.

HOW TO RESPOND

1. Respond to the summary of the questions in Section 7 of the report (also on page 3).
2. Send response by **1st March 2018**:
 - Online at <https://goo.gl/forms/86QbP1rWx91Y3hO32>
 - Email enquiries and responses to health@gov.bm
 - Written enquiries and responses can be mailed to:
Attn: David Kendell, Director of Health, Continental Building, 25 Church Street, Hamilton, HM 12.
3. Response must include your name and state if you are a business, individual or representing an organisation. In the case of an organisation, please indicate the number of people you are representing.
4. Do not send consultation responses to the Minister. All views and responses must be considered in the public consultation process and will be made available to the public. There will be no private consultations.
5. In the interest of transparency anonymous submissions cannot be accepted.

Paper copies of this document may be obtained free of charge from the above address.

This document can also be accessed from our website at www.gov.bm/health-public-consultations.



GOVERNMENT OF BERMUDA
Ministry of Health and Seniors

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OVERVIEW OF PROPOSED SUGAR TAX

Model	
Type of Tax	An uprate of duty on specific items. The Customs Department to identify the National Code break outs that need to be done to complete the duty uprate on the items specified.
Tax Rate	75% or 150% - rate to be part of the public consultation.
Taxable Products	See proposed items to tax in Consultation Paper at gov.bm/health-public-consultations.
Level of Application of the Tax	Commercial and personal imports, including items brought in by courier or post potentially also included based on Customs' analysis of Chapter 98 of the Tariff, but <u>not</u> including accompanied personal goods.
Tax Recovery	Importers – collected at the ports before receiving the goods.
Mechanisms for earmarking tax revenue	The Government is committed to attribute a portion of the derived tax revenue towards health initiatives currently underway and proposed new initiatives.
Protecting vulnerable populations	Sugar sweetened beverages (SSB) and sugar items are luxury items that provide no nutritional value and therefore are not needed. The Health Disparities Report 2013 shows that vulnerable populations feel the effects of health issues disproportionately to persons of higher income. Research from other jurisdictions show an increased tax reduces purchasing of SSB by vulnerable persons the most, which may also have a positive effect on their health.
Stakeholder Consultation	Meet with Stakeholders (wholesalers) to review suggestions. Provide public draft of options on gov.bm for comment for eight weeks, collate feedback and produce second paper on the feedback.
Tax Environment	Use the current Tariff Code to identify items onto which a duty increase is to be applied. Will need to amend Chapter 98 of the Tariff Code to capture courier and post imports.
Monitoring and evaluating the tax	Need to compare import data one year after tax is implemented. Compare costs of the items now, with one year after the tax is implemented.
Considerations	Locally-produced items not included. Medical items such as feeding tube mixtures, rehydration liquids to be identified and excluded from the tax.

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CONSULTATION QUESTIONS

Q1	Do respondents agree the items identified to which the tax will apply are appropriate and do not target items of nutritional value?
Q2	Are there additional items that should be a target of the sugar tax?
Q3	Do you agree that 100% fruit juice should not be subject to the tax?
Q4	Respondents are asked for their views on the treatment of dilutables, powders and liquid syrups for the tax.
Q5	Do respondents agree with the exclusion of milk-based items? If not, which items should we include?
Q6	Should the Government include these “food” items in the sugar tax or should we focus only on drinks?
Q7	Respondents are invited to submit any evidence that the tax could have potentially adverse impacts on lower income persons.
Q8	The Government would like for respondents to consider the 75% duty rate and whether this would be adequate for the first stage of the tax implementation.
Q9	If 75% is not considered adequate, should 150% duty rate on these items be considered?
Q10	Assuming that the importer will pass-on the additional cost to the customer, will the increases in cost change the public’s behaviour?
Q11	Do respondents agree products which are given away free of charge should still be liable to the tax? If not, please provide examples of where relief may be appropriate and why.
Q12	Are there any issues with the proposed reporting requirements that you think we should know about?
Q13	Do respondents have any other concerns or suggestions around potential compliance risk?

Acknowledgement of Responses

All responses will be acknowledged, but it will not be possible to reply to individual representations.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the Public Access to Information Act (PATI).