

Issue Brief: Sugar Tax Consultation

4th January 2018

Page 1 of 3

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 4 th January and ending on 1 st 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.

Issue Brief: Sugar Tax Consultation

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Page 2 of 3

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.

Issue Brief: Sugar Tax Consultation

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Page 3 of 3

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).



GOVERNMENT OF BERMUDA

Ministry of Health

Sugar Tax Consultation

Consultation Document

Publication date: 4th January 2018

Closing date for comments: 1st March 2018

V1.0 3rd January 2017

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Leading:	Ministry of Health
How to provide feedback:	<p>Responses can be given online at https://goo.gl/forms/86QbP1rWx91Y3hO32</p> <p>Email enquiries and responses can be sent to: health@gov.bm</p> <p>Written enquiries and responses can be mailed to: Attn: David Kendell, Department of Health Continental Building 25 Church Street Hamilton HM 12 Bermuda</p>
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Contents

Introduction.....	4
1. Background	5
Bermuda’s problem.....	5
The sugar tax.....	6
The policy	6
What is Government consulting on?.....	7
2. Sugary items within the scope of the tax.....	7
Background	7
Identifying the products within scope of the tax.....	8
Equalities impacts	10
3. Application of the tax.....	10
When liability arises.....	10
Level of the tax.....	10
Products given away free of charge – e.g. samples, gifts and provision to staff	11
4. Reporting.....	11
Other registration / reporting issues	12
5. Ensuring compliance	12
Compliance powers.....	12
Penalties	12
Other compliance issues	12
6. Overview of the proposed sugar tax.....	13
7. Summary of consultation questions	14
8. The consultation process	15
How to respond.....	15
Confidentiality	15
Annex I: Health Initiatives	16
Annex II: Sugar Tax in other jurisdictions	18

Introduction

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 – a rate of 79% for men and 70% for women. In addition, the survey found that 50% of the population drink at least one sugary drink a day, 34% have one or two and 16% have three or more.

Drinking calories can be dangerous as satiation is not triggered and excess calories lead to weight gain, obesity and diabetes¹. Added weight is particularly worrying because persons who are overweight or obese are at greater risk of developing non-communicable diseases (NCDs) such as heart disease, diabetes, hypertension, stroke, high-cholesterol, osteoarthritis, sleep apnea and asthma. Persons who are overweight or obese are also more likely to develop cancer. The 13 cancers associated with overweight and obesity include brain, thyroid, esophagus, blood, breast, liver, kidneys, uterus, ovaries, gallbladder, upper stomach, pancreas and colon and rectum.

Health experts around the world have identified sugary drinks as the primary source of sugars in Western diets (typically one quarter of calories consumed). One can of soda can exceed the entire daily recommended maximum intake of sugar e.g. a can of cola-like soda can contain 35g of sugar, which is equal to 8.75 teaspoons. The World Health Organization (WHO) recommends that free sugars should be limited to less than 5% of the daily energy intake or less than 25g of sugar per day².

Bermuda's prevalence of obesity and diabetes is one of the highest amongst the Organization for Economic Co-Operation and Development (OECD) (34.4% of adults are obese and 12.2% have type 2 diabetes).

While sugary drinks have been the focus of the sugar taxes in other jurisdictions ([see Annex II](#)), the tax proposed for Bermuda goes further to include items such as candies and plain sugar. The goal is to curb unwanted consumption these foods which contribute no nutritional value to our daily diets.

The Ministry of Health plays a vital role in promoting healthy living and has developed and implemented a number of health initiatives throughout the island over the years. The Sugar Tax will be another method for addressing the health issues linked to obesity and being overweight.

This consultation paper outlines the proposed method to introduce a Sugar Tax and seeks the views of the public and stakeholders on the proposals.

¹ Pan A, Hu FB. Effects of carbohydrates on satiety: differences between liquid and solid food. *Curr Opin Clin Nutr Metab Care*. 2011;14:385-90. Accessed at: <https://www.hsph.harvard.edu/nutritionsource/sugary-drinks-fact-sheet/> 21st November 2017.

² Guideline: Sugar intake for adults and children. Geneva: World Health Organization; 2015. Accessed here: http://www.who.int/nutrition/publications/guidelines/sugars_intake/en/ (23rd October 2017).

1. Background

- 1.1 The Speech from the Throne on 8th September 2017, formally introduced the policy directive on a sugar tax. The Speech stated: “...*the Government will begin consultation for the introduction of a Sugar Tax on the sale of certain foods and beverages in Bermuda.*”
- 1.2 The World Health Organization (WHO) proposes the use of economic tools to improve health outcomes and direct persons towards healthy options.³

Bermuda’s problem

- 1.3 Overall, 3 out of 4 of Bermuda’s adult residents are overweight or obese⁴ and 50% of the population drink at least one sugary drink a day, 34% have one or two and 16% have three or more.
- 1.4 Being obese and overweight is more likely to lead to health complications such as diabetes and at least 13 obesity-related cancers. The recent *Health in Review* report found that cancer is the second leading cause of mortality in Bermuda and accounts for 25% of all deaths.⁵
- 1.5 In addition, Bermuda’s prevalence of obesity and diabetes is one of the highest amongst the Organization for Economic Co-Operation and Development (OECD) (34.4% of adults are obese and 12.2% have type 2 diabetes). The 2014 STEPS survey also found that 79% of men and 70% of women in Bermuda are overweight or obese, which is a leading factor in developing many problems including cancers, diabetes and other NCDs.
- 1.6 The cost of diabetes care over the next 10 years is estimated to be \$26 million in health insurance claims alone, excluding out of pocket payments, the impact on other conditions, wages and hours of lost work.⁶

³ Fiscal Policies for diet and the prevention of non-communicable diseases, World Health Organization, 2016. Available: <http://www.who.int/dietphysicalactivity/publications/fiscal-policies-diet-prevention/en/> Last accessed 28th September 2017

⁴ STEPS SURVEY 2014

⁵ Health in Review 2017, Ministry of Health, Government of Bermuda.

⁶ Estimate made by the Bermuda Health Council.

The sugar tax

- 1.7 Sugar-sweetened soft drinks have been identified by public health experts as a major contributor to sugar consumption and an important factor in childhood obesity. Consuming just one full-sugar 330 millilitre can of cola takes a child over their recommended daily intake of sugar for the day. These drinks generally represent empty calories, and are a leading contributor to sugar intakes for both children and adults.
- 1.8 The proposed Sugar Tax will be payable by both commercial and personal importers of sugar, candy and sugar-sweetened, carbonated beverages (sodas, energy drinks, etc.). The tax will apply to specific tariff codes for duty imports.
- 1.9 The Sugar Tax will be applied to items identified as non-nutritive, luxury items (candy, sugar, energy drinks and soda). The goal is not to impose a tax that unfairly targets low-income families, but will encourage better choices at the check-out counter and encourage healthier imports from the wholesalers.
- 1.10 While the policy seeks to increase tax on sugary items, the policy also seeks to reduce the customs duty on the importation of water. Currently the duty rate is 15%; a reduction to 0% duty on water may be passed on to the consumer and encourage the drinking of water rather than sugary drinks.
- 1.11 Revenue collected from the tax on the sugary items will also be earmarked for continued, and expanded, health promotion and disease prevention activities to encourage healthy lifestyles. Annex I provides an overview of current initiatives and proposed new initiatives. Studies have shown that combining the tax with increased awareness of healthy lifestyles leads to the most effective change in behaviours.
- 1.12 In addition, many companies have already started to import items that offer healthier choices for consumers and this tax will support these efforts. The goal is for less tax to be collected as less of the sugary items are imported.

The policy

- 1.13 The following policy details are not being consulted on:
 - The Customs Department will implement and administer the tax.
 - The tax will apply to both commercial and personal importers of the specific items identified.
 - The tax will be applied as an increase of the rate of duty charged to the item. So, the uprated duty will be applied to the customs value of the imported item as normal.
 - The tax will affect specific tariff codes that are already in the [Bermuda Customs Tariff](#) that apply to sugar, candy and soda.
 - The tax will be introduced in phases. In the first phase the tax will be

applied to specified tariff codes that do not need to be subdivided into national codes.

- In subsequent phases the tax will be introduced by means of new national tariff codes created under existing tariff codes.
- The tax will apply from September 2018.

What is Government consulting on?

- 1.14 This consultation sets out the policy proposals for the tax, and the high level implementation outline to ensure that the tax is introduced in a way that best meets its objectives.
- 1.15 Chapters 2 to 8 set out exactly which issues the government is consulting on and include a number of specific questions on:
- The items identified for the tax
 - The appropriate tax level
 - How to account for imports
 - The approach to compliance and how to minimise any avoidance or evasion risks.

2. Sugary items within the scope of the tax

Background

- 2.1 The Sugar Tax will apply to all imported soft drinks (sodas, energy drinks, non-100% fruit juices, drink powders and dilutables), sugary candies and pure sugar imports. See [Table 1](#) for specifics.
- 2.2 As a charge aimed at driving businesses towards providing healthier options on Bermuda's shelves, the tax will be charged at the first point of contact with the island – i.e. all imports. Restaurants, cafes, grocery stores, etc. will not be responsible for the tax unless they are importing these items. Wholesalers may pass on the cost of the sugar tax to these businesses resulting in higher costs to consumers.
- 2.3 The Sugar Tax will not apply to fruit juices as long as they are 100% juice. Any fruit juice with added sugars will be subject to the tax. We seek your views on this exclusion of 100% fruit juices.
- 2.4 The Government also intends to exclude milk-based drinks ([Chapter 4 of the Bermuda Customs Tariff](#)) from the tax. We will seek your views on the most appropriate approach to milk-based drinks, and the potential definition of an exempt drink. Alcoholic drinks ([Chapter 22 of the Bermuda Customs Tariff](#))

are also not in scope of the sugar tax.

Identifying the products within scope of the tax

- 2.5 Legislation will identify the type of products that will fall within the scope of the tax and the method for introducing the tax.
- 2.6 These changes will be within the current Bermuda Customs Tariff.
- 2.7 The tax will be applied as a duty rate increase on goods of specified tariff codes.
- 2.8 Table 1 identifies the Tariff Codes, Tariff Explanation and some of the common items that may be imported under those headings. These are the suggested items to which we would add the tax.

Table 1: Items to include in Sugar Tax

Item	Description
Sugars of Heading 1701	Sugar in solid forms, not syrups or other liquids. Includes brown sugar, white sugar, powdered sugar, and icing sugar.
Tariff 1704.909	Marshmallows, yogurt covered raisins, caramel candy, fondant, nougat, white chocolate. Other chocolate currently not being considered (see point 2.23)
Tariff Code 2106.900	Dilutables, crystals/powders and flavoured sugar syrups. For example brands like KoolAid, Ribena, Coffeemate etc.
Heading 22.02	Sodas, energy drinks, fruit juices with added sugar, sweetened teas.

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?

Fruit Juices

- 2.9 Any fruit juice drink that contains added sugars will be subject to the tax. This is the same as for any other drink that contains added sugars.
- 2.10 However, 100% fruit juice will not be taxed; nor will drinks that are sweetened by fruit juice rather than other forms of sugar.
- 2.11 Respondents are invited to submit views and evidence on the treatment of such products and the way they are labelled in the list of ingredients.

Q3 – Do you agree that 100% fruit juice should not be subject to the tax?

Dilutable liquids

- 2.12 Dilutable cordials, squash, syrups and powders are packaged for subsequent dilution with water or other liquids before they are consumed. These products may be diluted at home by a consumer, or by a retailer serving drinks on their premises such as a restaurant, café or other food or drink outlet.
- 2.13 While the customer at home and a food establishment have the ability to control the saturation level of the dilutable, these represent added sugars to diets that are not contributing to the nutrition of a person. These are empty calories that have no need to be in daily consumption.
- 2.14 Liquid syrups that include pre-packaged sugar syrups and flavourings are often added to hot drinks or cocktails and are used to create the sodas from fountains. These syrups will be subject to tax. They alter the flavour of a drink and can represent a significant addition of sugar to the drink.

Q4 – Respondents are asked for their views on the treatment of dilutables, powders and liquid syrups for the tax.

The approach to milk-based drinks

- 2.15 Milk and milk products are a source of protein, calcium, potassium, phosphorus and iodine, as well as the vitamins B2 and B12. It is essential for children's health that they consume the required amounts of these nutrients as part of a balanced diet.
- 2.16 Milk and other dairy products feature on the Department of Health's official 'Eat Well' plate of foods that should be consumed regularly. Children between the ages of one and three years need to have around 350mg of calcium a day. A 300ml serving of milk (just over half a pint) would provide this.
- 2.17 We want to make sure milk-based items are exempt from the Sugar Tax to ensure nutritional guidelines are followed and we do not hinder access to calcium for children in particular. Currently the tariff code does not separate milk-based items with sugar added from those without sugar added. As such the decision was made to currently exclude all milk-based items.

Q5 – Do respondents agree with the exclusion of milk-based items? If not, which items should we include?

Sugar and sugar confectionary (candy)

- 2.18 Pure sugar is imported to create those pastries, cookies, etc. that all add to the waistline while not adding to the health of an individual. Customs duty on this product was previously 0%.
- 2.19 The Government views the tax on Sugar as a natural inclusion due to the name of the tax, as well as the impact this item has on baked goods etc. that lead to unwanted weight gain.

- 2.20 Candy is a separate item in the Customs Tariff code and represents on average \$2 million in imports. The items identified under this code would represent the gummy candies, hard sweets and white chocolate. Chocolate items with cocoa are currently not being considered.
- 2.21 The Government seeks your views on including these food items in the sugar tax.

Q6 – Should the Government include these “food” items in the sugar tax or should we focus only on drinks?

Equalities impacts

- 2.22 It is not currently anticipated that the Sugar Tax will have adverse impact on persons with limited income. In fact most evidence from other jurisdictions indicates that increasing the cost of unhealthy drinks and food leads to a decrease in consumption, which leads to an increase in health benefits. Persons with a low income also feel unfairly the effects of bad health⁷, which can lead to an excess in spending on health care.

Q7 - Respondents are invited to submit any evidence that the tax could have potentially adverse impacts on lower income persons.

3. Application of the tax

When liability arises

- 3.1 Currently all imports have a specific customs duty assigned to them through the Bermuda Customs Tariff. The tax will be applied as an uprated duty rate at the point of importation. The uprated duty rate will be applied to the customs value of the product.
- 3.2 Importers will have a responsibility to declare their goods honestly; failure to do so may give rise to penalties, payment of arrears, and the goods may be delayed and/or seized. The current Customs Tariff can be found here: <https://www.gov.bm/classification-imported-goods>
- 3.3 Items that will be exempt from the tax may include medically necessary drinks such as those that help prevent dehydration and replace nutrients lost due to vomiting or diarrhoea in adults, children and infants (e.g. Pedialyte).

Level of the tax

- 3.4 The level of tax should be set at a rate that will change a person’s behaviour

⁷ Bermuda Health Council (2013) Health Disparities Report 2013, Bermuda Health Council: Bermuda.

and have an impact on the overweight, obesity and cardiovascular diseases.⁸ To make these changes, the Pan American Health Organization (PAHO) recommends that the tax rate should be at least 20%.

- 3.5 The current duty rates on the proposed items for adding a sugar tax range from 0% to 35% of the value imported. The sugar tax would be in addition to these rates and would not be subject to any amendments to the Customs Tariff.
- 3.6 The Government is currently proposing to impose sugar tax by rationalising and increasing the duty rate on specified goods to a single higher rate of 75%, but would consider a higher rate of 150% if the public were interested.

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 be sufficient to change the public's behaviour?

Products given away free of charge – e.g. samples, gifts and provision to staff

- 3.7 While free samples and gifts may be used by importers as part of their marketing operations, products that are given away after they have been imported will still be liable for the tax upon importation.
- 3.8 The government considers that providing a relief would also add significant complexity to the tax and increase risk of abuse.

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.

4. Reporting

- 4.1 From September 2018, importers who are liable for the tax will have to declare specified goods on a Customs Declaration Form and pay duty at the rate of 75% ad valorem.
- 4.2 The updated duty will be collected by the Customs Department at the point of entry.

⁸ Taxes on Sugar-Sweetened Beverages as a Public Health Strategy: The Experience of Mexico, Pan American Health Organization, 2015: <http://iris.paho.org/xmlui/handle/123456789/18391> Accessed 10th November 2017

Other registration / reporting issues

Q12 – Are there any issues with the proposed reporting requirements that you think we should know about?

5. Ensuring compliance

- 5.1 It is critical that the tax is implemented in a way that minimises the risk of avoidance or evasion and provides a level playing field for compliant operators. The Customs Department is dedicated to ensuring fairness and compliance with the Tariff and will continue to ensure the goods declared are correct and fair value.
- 5.2 Where there is non-compliance Customs will respond accordingly with penalties, possible payment of outstanding duty and, possibly, seizure of the goods.
- 5.3 Previous chapters have already included some important questions about delivering a compliant regime. This chapter looks at other compliance risks that have been identified and how to minimise them. We invite respondents to flag any other risks that the consultation hasn't covered.

Compliance powers

- 5.4 In order to ensure compliance with the tax, Customs will rely on the types of compliance powers used to administer our other duties. For example these powers allow Customs to inspect goods, and ships and containers importing items into Bermuda.
- 5.5 The power of inspection will allow Customs to challenge the content of any declaration form and assess for additional liability where appropriate.

Penalties

- 5.6 Penalties are applied to encourage importers to comply with their obligations, to act as a sanction for those who do not, and to reassure the compliant majority that they will not be disadvantaged by those who do not play by the rules. The Customs Department does not use penalties as a way of raising revenue, or to offset our running costs.
- 5.7 Customs will enforce the uprated duty rate using existing powers within the Revenue Act 1898. Government will consider uprating the levels of the penalties in the Third Schedule to the Revenue Act 1898 should the current level of penalties fail to prove proportionate and dissuasive sanctions.

Other compliance issues

Q13 – Do respondents have any other concerns or suggestions around potential compliance risks?

6. Overview of the 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 (Table I)
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 (See Annex 1)
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 ⁹ 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. ¹⁰
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.

⁹ Bermuda Health Council (2013) Health Disparities Report 2013. Bermuda Health Council: Bermuda. Accessed here: <https://www.gov.bm/sites/default/files/Health-Disparities-Report-2013-Final1.pdf> (16th October 2017)

¹⁰ "In Mexico, Evidence of Sustained Consumer Response Two Years after Implementing a Sugar-Sweetened Beverage Tax", Health Affairs, M. Arantxa Cochero, Juan Rivera-Dommarco, Barry M. Popkin and Shu Wen Ng. February 2017. Accessed here: <http://content.healthaffairs.org/content/early/2017/02/16/hlthaff.2016.1231> (16 October 2017)

7. Summary of 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.
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- 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?

8. The consultation process

This consultation is being conducted by the Ministry of Health. There are 5 stages to this policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design rather than to seek views on alternative proposals.

How to respond

1. Respond to the summary of the questions in Section 7.
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.

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).

Annex I: Health Initiatives

Current	About
Healthy Schools	<ul style="list-style-type: none"> - Installed filtered water fountains in all public schools - Cafeteria and Vending Machine policy – introduced in 2006, requires all Government schools to supply water and/or 100% juice in vending machines and during meals. Private schools are also compliant. - Promotes water-only policies, which developed after the introduction of the Cafeteria and Vending Machine policy.
Premier’s Youth Fitness Programme (PYFP)	<ul style="list-style-type: none"> - Introduced in Sept. 2016 to encourage fitness in schools. Tracks the levels of core and upper body strength, flexibility, body composition and aerobic capacity, while providing guidance to parents and children to improve activity levels and nutrition.
50 Billion Steps Challenge	<ul style="list-style-type: none"> - First one in 2017 and another scheduled for January 2018 to encourage community to walk more.
Eat Well Plate	<ul style="list-style-type: none"> - Used to promote health, balanced eating. Currently on the windows of the Ministry.
Eat Grow Save	<ul style="list-style-type: none"> - Launched in Spring 2017. Over-subscribed and 10 plots behind Devonshire post office for participants established to grow produce.
Well Bermuda Strategy	<ul style="list-style-type: none"> - Published in 2006. The strategy provides a shared vision and set of goals for a healthy Bermuda.
Food Label Guide in grocery stores	<ul style="list-style-type: none"> - The Food label guide is similar to a traffic light system for total fat, saturated fat, sodium and sugar. Green-Great category is good for everyone unless the doctor specifies otherwise. Yellow-OK category foods are OK to eat but not too much. Red-Stop category foods are recommended only to eat sometimes.
Celebrate Wellness	<ul style="list-style-type: none"> - Annual Health Fair that promotes healthy eating and active living. - Encourages community partners to engage with the public - Started in 2011
\$avour the Flavour : Eat Well for Less	<ul style="list-style-type: none"> - Department of Health partnered with community retail partners to line-up a range of healthy foods that grocers will offer as weekly specials. - Items are pre-vetted by the DoH dieticians to ensure they are part of a balanced diet.
Taking it to the Streets	<ul style="list-style-type: none"> - Five free health screenings held in Somerset, Hamilton and St. George’s in 2017 to identify health issues. - 351 people were screened and 126 were referred for high blood pressure and sugar.
Commit to Change: Halting the Rise of Obesity and Diabetes	<ul style="list-style-type: none"> - Informs a National Framework for tackling obesity and diabetes.

Proposed	About
Non-communicable disease Board	To co-ordinate the Obesity and Diabetes National Framework.
Eliminate SSBs* from Kids' Meals	Establish standards for kids' meals that prohibit SSBs being served with the kids' meals. Could also include partnering between chain/unhealthy food establishments and charities benefiting children.
Introduce Food Labelling	Require food establishments to publish food nutrition labels on their menus. Link to their licensing.
License SSB Retailers	Add requirement stores limit the number of SSBs they carry to healthy beverages, restrict portion sizes or set a minimum price.
Limit SSB Portion Sizes	Limit the portion size on single-serving SSBs.
Public Awareness Campaign	Similar to NYC's Pouring on the Pounds campaign. Ask consumers to reduce consumption by a specific amount, identify the health risks.
Limit SSBs on Government Property	Remove from vending machines, healthy meeting policies.
Encourage Businesses to eliminate SSBs	Find an incentive for businesses to eliminate the SSBs.
Encourage creation of Healthy Checkout Aisles	Food retailers to offer a minimum number of healthy snacks at the check-out counter.
Vending Machine Policy in Government Buildings	Restrict or limit unhealthy options in vending machines on any Government Premises (except the airport departure gates)
Read your labels food guide in supermarkets	Work with supermarkets to display Food Label Guide prominently at point-of-food item selection (i.e. in the aisles)

* SSB = Sugar sweetened beverages

Annex II: Sugar Tax in other jurisdictions

	Barbados	UK	Mexico	Berkley, California
Type of Tax	Excise Tax on sugar-sweetened beverages.	Soft Drinks Industry Levy on <u>pre-packaged</u> soft drinks with <u>added sugar</u> of 5 gms or more per 100 millilitres. Does not include fruit juices or milk-based products.	Excise Tax	Excise Tax on distribution – to distribute sugar sweetened taxes in Berkeley.
Tax Rate	10% on item value before VAT. 11.75% after-VAT increase on these items. Will revisit in 2 years.	Sugar content of 5-8 gms per 100 ml = 18p/litre Sugar content of 8+gms per 100 ml = 24p/litre	One peso/one litre = 10% increase	\$0.01/fluid ounce or \$0.12/can of soda or \$.68 to two litre bottle, before tax.
Taxable Products	Imported products under tariff headings 20.09 and 22.02- carbonated soft drinks, juice drinks, sports drinks, fruit juices and similar products produced in Barbados that contain added sugars or sweeteners.	Sugar-added drinks. Pre-packaged dilutable cordials, squashes and syrups taxed according to composition “as drunk”. ¹¹ Not drinks with an alcoholic strength of 1.2% or more, any liquid which is not a beverage i.e. freezable ice pops, syrups used to flavor a beverage.	Carbonated drinks and other sugary drinks. With regard to concentrates, powders, syrups, and flavor essences or extracts, “the tax will be calculated taking into account the quantity in liters of flavored beverage that can be obtained by following the manufacturer’s instructions.”	Sugar-sweetened beverages (soda, energy drinks, pre-sweetened tea, pre-made syrups).
Level of Application of the Tax	Locally-produced goods- applied to producer or manufacturer	UK producers and UK importers (any country including EU). ¹²	Manufacturers, producers, importers	On the first distributor within Berkley.

¹¹ Includes ‘bag in box’ syrups often purchased by pubs and restaurants to dilute on the premises before serving.

¹² Not cafes, restaurants, etc.

	Barbados	UK	Mexico	Berkley, California
	Imported goods – applied to wholesaler	Will provide relief to small operators or low volumes.		
Tax Recovery	VAT and Excise Tax Administration System - ‘Voluntary’ but subject to audit	Producers and importers liable for the tax must register with HMRC ¹³ , report their taxable products and pay tax liability on quarterly basis.	New tax specifically on sugar-sweetened drinks.	Collected in conjunction with other taxes monthly. Retailer could be liable if distributor does not pay them.
Mechanisms for earmarking tax revenue	None – goes into a consolidated fund	Not identified – currently working on secondary legislation to set out the scope and mechanics of the levy.	Not specifically earmarked, but lobbying placed specific funds towards health initiatives.	A SSB Product Panel of Experts will make recommendations on how and to what extent the City should fund programmes to further reduce SSB.
Protecting vulnerable populations	Low-income families more likely to be sensitive to the SSB tax so will reap health benefits from it. Need to combine with increase in availability of cheaper, healthier beverage alternatives. Tap water and coconut water are available at little to no cost.	Not anticipated to have adverse impacts on any group with protected characteristics. Intended to target food producers and change their formulations of products for all consumers.	The tax protects the vulnerable because they are more likely to purchase the soft drinks and experience the negative health problems.	The tax is seen as a way to protect those populations who are targeted by the advertising.
Stakeholder Consultation	Ministry of Finance engaged in limited stakeholder consultation.	Published a Consultation document 18 th August ‘16 and responses due by 13 th October ‘16. Document posted on website.	PAHO/WHO led strategic and intersectoral coordination meetings. Held debates, used campaigns, communications. Introduced a	

¹³ Her Majesty’s Revenue & Customs

	Barbados	UK	Mexico	Berkley, California
			National Strategy against Overweight, Obesity and Diabetes in which one line item was the tax.	
Tax Environment	Vertical initiative with no linkages to a wider, national programme aimed at tackling obesity. Tying the tax to levels of sugar in a drink, but did not have the capacity.			On any distributor that is subject to the City tax. Exemptions include: A retailer with less than \$100,000 a year in gross receipts, Natural sweeteners, food product stores.
Monitoring and evaluating the tax	Review initiative in 2 years. No mechanisms for monitoring.	UK aims to reduce sugar levels in food and drink by 20% by 2020.	Revenues collected and reduction of demand for sugar-sweetened drinks	Expert panel publish annual report on impact.
Health Considerations	Sugar culture of the Caribbean. Levels of sugar in SSB in Barbados are high.		Mexico has highest level of diabetes in OECD.	In US, 1 SSB per person per day