



# **Sugar Tax Consultation**

## **Report 2018**

# Sugar Tax Consultation 2018

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If you would like any further information about the Sugar Tax Consultation Final Report 2018, we look forward to hearing from you.

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GOVERNMENT OF BERMUDA

Ministry of Health

# Sugar Tax Consultation Final Report

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# Consultation Background

On 4<sup>th</sup> January 2018 the Ministry of Health published a consultation document online that outlined proposals for introducing a sugar tax in Bermuda based on the Throne Speech 2017. The public were invited to respond through an online form or in writing to the Director of the Department of Health. The consultation period lasted 8 weeks and ended on 1<sup>st</sup> March 2018.

The Ministry received 351 responses to the consultation document, each providing thoughtful comments and details on the proposal. The Ministry is grateful to those persons who took the time to review the document and provide the feedback.

The Ministry prepared an initial interim report to provide a summary overview of the consultation feedback and it was published online on Friday, 16<sup>th</sup> March 2018. This full report considers the feedback and suggestions provided by respondents, and lays out the recommended policy direction as a result of the consultation process.

## Bermuda's Issue

The Throne Speech 2017 proposed implementing a Sugar Tax on certain foods and drinks to help to address Bermuda's obesity problem.

Bermuda's numbers in terms of obesity and overweight are concerning. These are just a few of the Ministry's findings:

- 3 out of 4 of Bermuda's residents are overweight or obese<sup>1</sup> and 50% of the population drinks at least one sugary drink a day, 34% have one or two and 16% have three or more.
- Being obese and overweight is more likely to lead to health complications such as diabetes and or 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. While lung cancer is the leading cause of death, it is followed by three types of cancer (colorectal, pancreatic and prostate cancer) which have been associated with unhealthy weight.<sup>2</sup>
- In addition, Bermuda's prevalence of diabetes is one of the highest amongst the Organization for Economic Co-Operation and Development (OECD) (34% of adults are obese and 12% 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 cancer and diabetes.

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<sup>1</sup> STEPS SURVEY 2014

<sup>2</sup> Health in Review 2017, Ministry of Health, Government of Bermuda.

- Last year, the total health spending for individuals with diabetes was \$77.8 million<sup>3</sup>; that is more than 10% of the country's total health spending.

The Ministry of Health plays a vital role in promoting healthy eating and active living and has developed and implemented a number of health initiatives throughout the island over the years and will continue these efforts. A Sugar Tax is a new approach for addressing the country's unhealthy weight as an important and urgent public health issue by raising awareness and starting the conversation about healthy eating, acting as a deterrent to purchasing sugary items, being a catalyst to creating a healthier local food environment, and financially supporting and enhancing health promotion and education for the community.

To ensure the Sugar Tax has the greatest effect, the Ministry of Health put the Sugar Tax proposals out for consultation. We are pleased with the number of responses received and provide the following report of the results for consideration.

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<sup>3</sup> Source: Bermuda Health Council (2017) at <http://www.bhec.bm/wp-content/uploads/2018/01/BHeC-RG-full-page-ad-for-Diabetes-Awareness-Insert.pdf>.

# The Sugar Tax

In developing the Sugar Tax the Ministry reviewed a number of jurisdictions which have implemented a tax. Based on this review, a number of parameters were determined by the Ministry and were not open to consultation. These items included:

- 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.

The Consultation Document then posed 13 questions (see [Annex IV](#)) asking for input on which items to tax, the level of taxation and views on whether the tax would make a difference. The Consultation Document also asked businesses or individuals to identify themselves. This report provides analysis of all 13 questions and any differences between business responses and individuals. The consultation proposed taxing the following items:

**Table I: Description of proposed items**

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

# Review

## Question 1: Do you agree the items identified in the consultation document, to which the proposed tax will apply, are appropriate and do not target items of nutritional value?

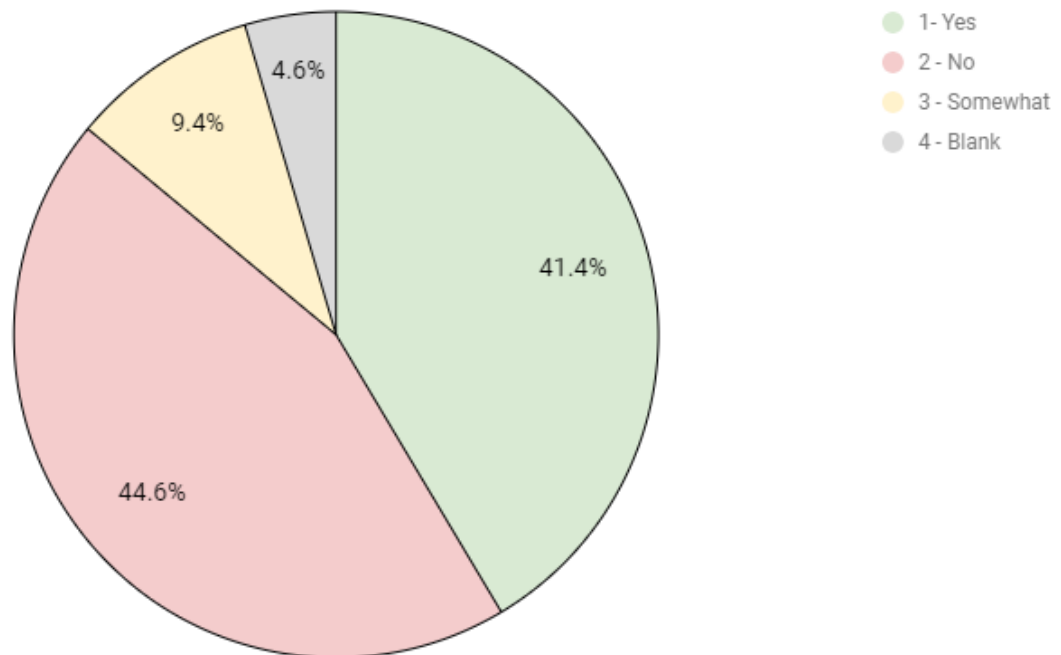
**Overall, 41%<sup>4</sup> of respondents supported taxing the items identified for the sugar tax.**

Specifically, 41.4% were in complete agreement with the items identified in Table 1, and 9.4% supported the tax, but believed there should be additional items added or particular ones excluded. Some items that proposed for exclusion were: raw sugar, Coffee-Mate, yogurt covered raisins and non-alcoholic beer.

With respect to raw sugar, 18% (63 of 351) of respondents did not believe it should be subject to the tax because of the impact on local businesses.

Overall, 45% were against the tax. Some of the reasons for opposing the tax included the fact there were other foods with sugar that were not part of the tax, concerns about Government regulating food and the inclusion of sports drinks which are used by athletes.

Do you agree the items identified in the consultation document, to which the proposed tax will apply, are appropriate and do not target items of nutritional value?



Individuals<sup>5</sup> who responded, supported the identified items (44.1%), while 43.4% did not support the items identified. This is strikingly different from those who responded as businesses. More

<sup>4</sup> The percent is the combination of Yes and Somewhat.

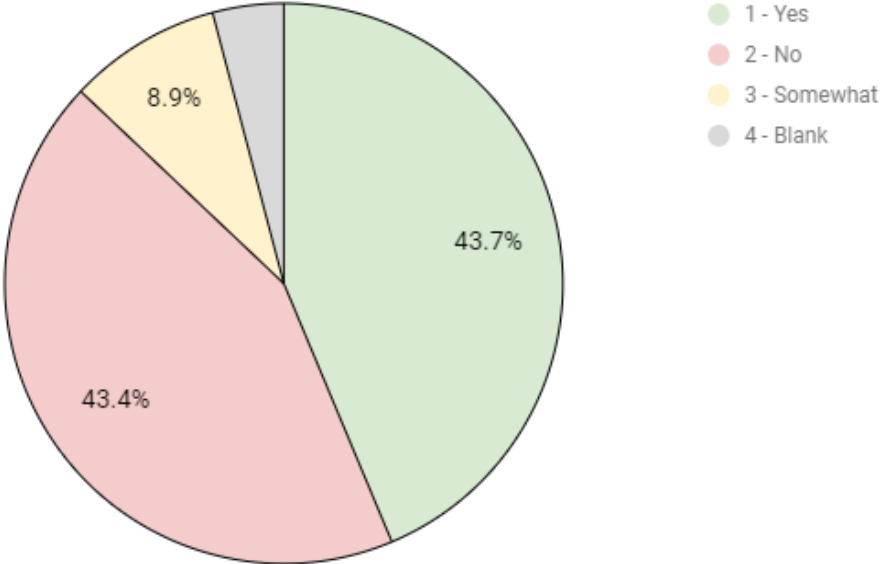
<sup>5</sup> Respondents to the Consultation Document could identify themselves as individuals or responding on behalf of a business.



businesses were against the proposed items (54%). Forty-four percent (44%) of the businesses responding felt that raw sugar should be excluded from the taxable items, while 16% of individuals responding wished to see raw sugar excluded. Other concerns raised by businesses was the inclusion of sports drinks, taxing diet drinks and the need to encourage a healthy lifestyle. Individuals supported expanding the items identified in the sugar tax and questioned why imported baked goods and salty items were not also being taxed.

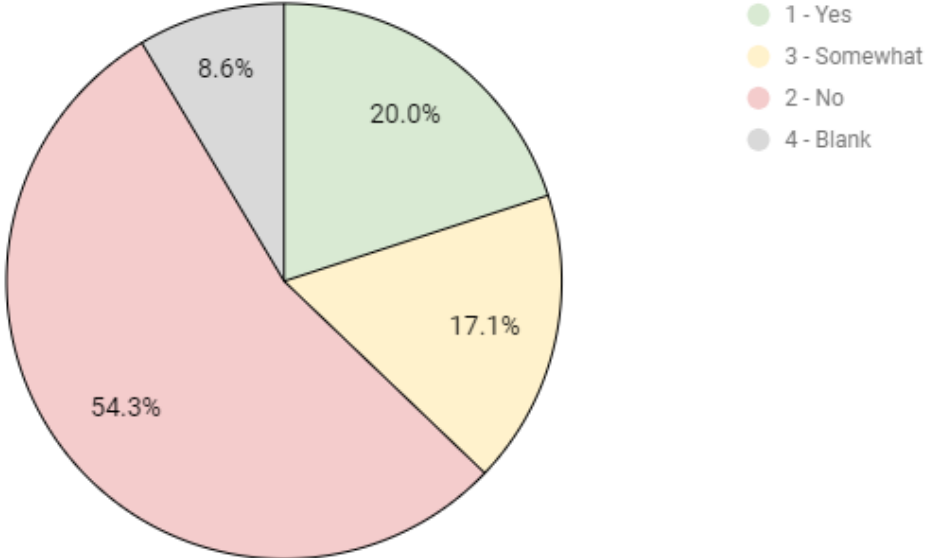
**Individual Responses:**

Do you agree the items identified in the consultation document to which the proposed tax will apply, are appropriate and do not target items of nutritional value?



**Business Responses:**

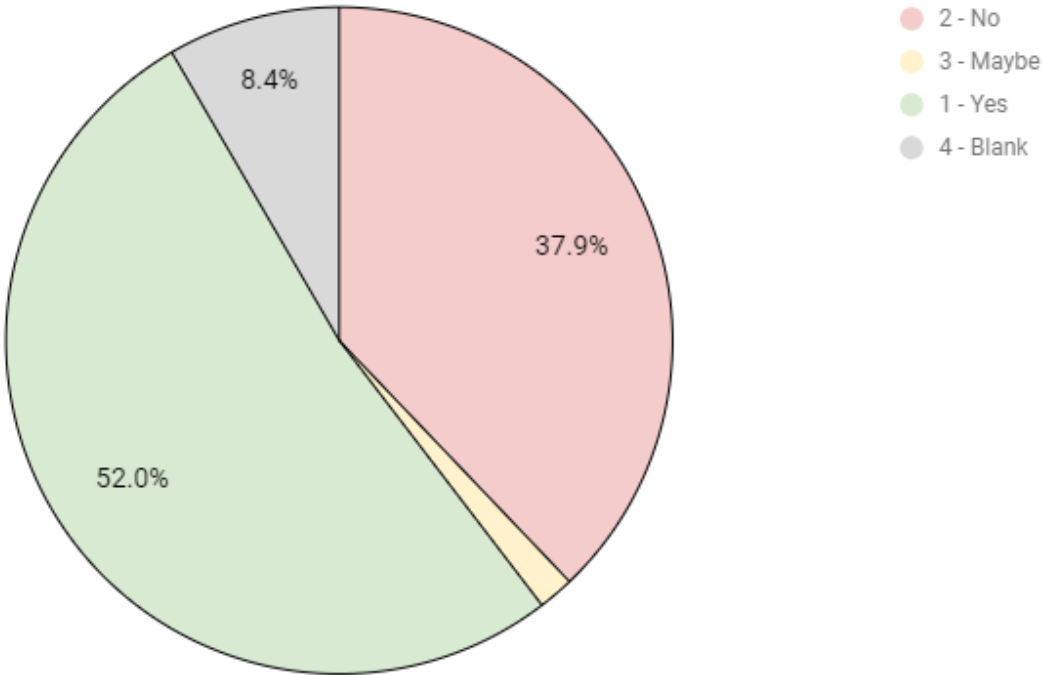
Do you agree the items identified in the consultation document to which the proposed tax will apply are appropriate and do not target items of nutritional value?



## Question 2: Are there additional items that should be a target of the proposed sugar tax?

Overall, 52% of respondents supported adding items to be taxed.

Are there additional items that should be a target of the proposed sugar tax?

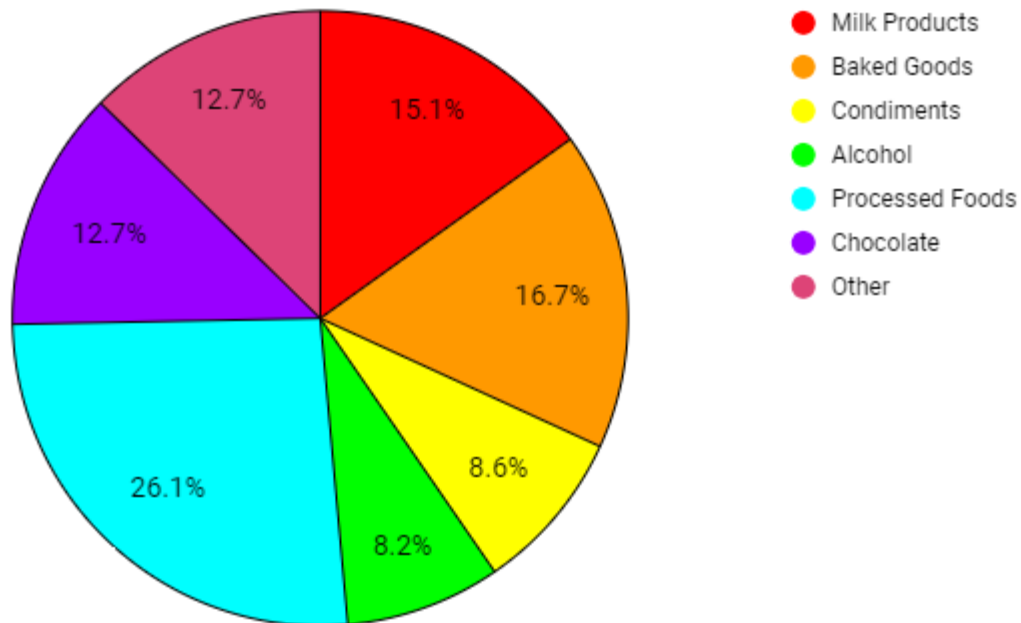


The largest area identified to tax in addition to the proposed items was processed food (26%), followed by imported baked goods (17%) and milk products (15%) (see Chart below). The items categorized as processed food included<sup>6</sup>: cereals, potato chips, take-out foods, crackers, etc. The baked goods category did not include locally produced items, but referred to imported goods that include cookies, cakes, pastry, donuts and muffins. There were a number of suggestions and the wide variety of suggestions meant selecting a number of high-level categories and a fair number of items placed in other. The other category captured items such as: artificial sweeteners, diet sodas (which will already be targeted in the current tax), jello and popsicles.

The 38% who did not think additional items should be included varied in their reasons between supporting the items identified in [Table 1](#) to not agreeing with the tax as a whole.

<sup>6</sup> These items were provided by the respondents and categorized by the Ministry of Health for analysis purposes.

### Additional items that should be a target of the Sugar Tax



The majority of both Businesses (57%) and Individuals (39%) felt that additional items should be the subject of the sugar tax. The largest item that the businesses thought should be included was milk products (22.5%), followed by condiments (17.5%). Individuals believed that the additional items that should be taxed were processed foods (28%), followed by baked goods (17.5%).

The message from these results is that there is a strong sense from both the business and the general public to not only tax the items currently proposed, but to consider expanding the tax. There were concerns raised about the inclusion of raw sugar (Question 1).

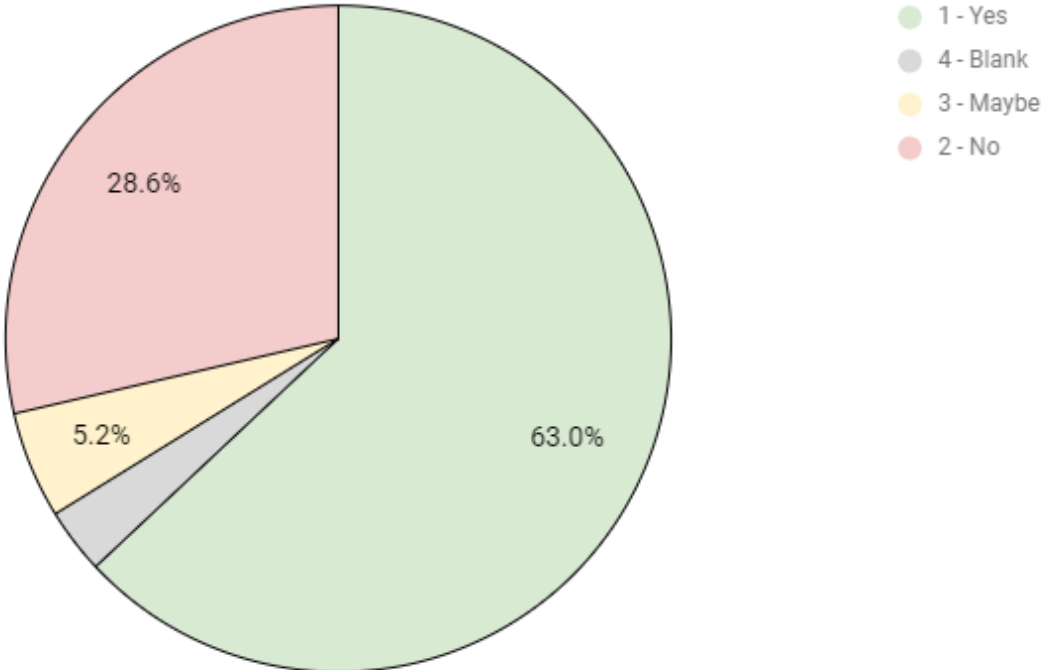
Some of the additional items proposed by the public could be challenging to tax, due to the current structure of the Customs Tariff. Processed food, for example, is not a tariff heading and will require extensive work on the tariff to be able to identify these items. The Ministry will consider all of the suggestions received and in context of our current resources and capabilities for taxation.

**Question 3: Do you agree that 100% fruit juice should not be subject to the proposed tax?**

**In total, 63% of respondents stated fruit juices should not be subject to the sugar tax.**

However, there were suggestions to re-evaluate at a later date. Many responded that fruit juices should be subject to better labelling as the sugar in fruit may be natural but is consumed at a high rate in juice that can lead to health concerns. The 29% who thought it should be taxed felt juice was consumed because it is “healthy” but is also very high in sugar.

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



Individuals and businesses both agreed that juices should not be taxed, though the individuals had a stronger response (64.5%) than the businesses (48.5%). Some of the reasons provided for not taxing fruit juice included the fact that there was some nutritional value in fruit juice, they are healthier than sodas and they contain natural sugars.

**Question 4: What are your views on the treatment of dilutables (ie cordials), powders and liquid syrups for the proposed tax?**

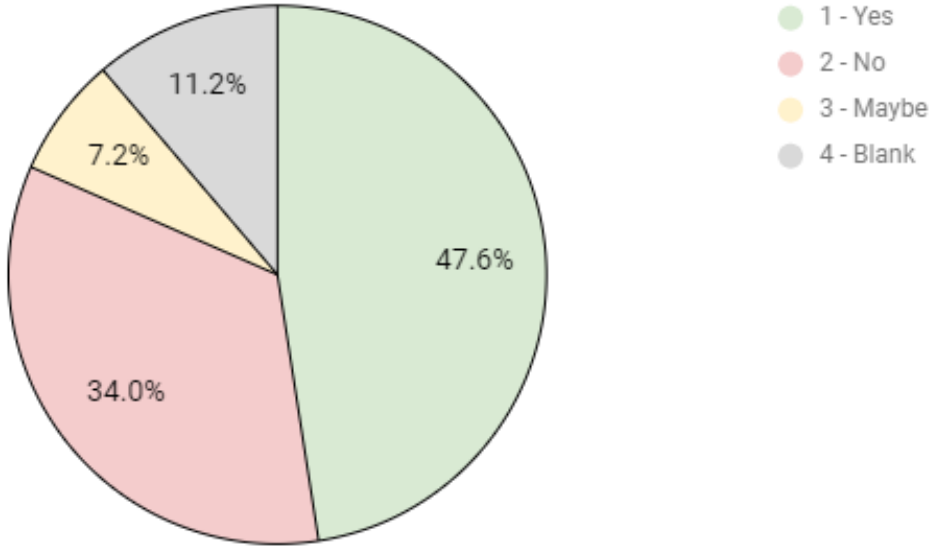
**Overall, 48% of respondents agreed that the dilutables should be included in the sugar tax as they represented added sugars.**

In total, 34% disagreed with taxing the dilutables, while 7% were unsure and 11% left the response blank.

Flavoured sugar syrups and crystals and powders used for preparing beverages are included in tariff 2106.900 which includes a significant number of "other" food preparations that are not proposed for sugar tax purposes. The Tariff will require the inclusion of wording to make this distinction.

Dilutables are slightly different products from sodas and juices as the person consuming them can adjust the concentration of the sugar.

What are your views on the treatment of dilutables (i.e. cordials), powders and liquid syrups for the proposed tax?



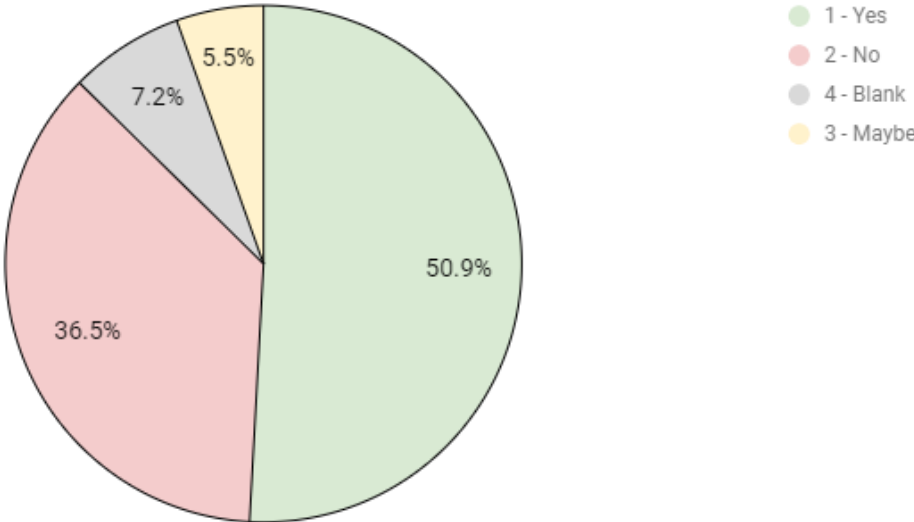
Businesses were largely against taxing the dilutables (46.7%). Some suggested the tax should be based on the level of sugar in the drinks and some were concerned this would affect businesses that sell sodas or even coffee shops with flavoured syrups. The individual respondents, however, were supportive of including dilutables in the tax (48.7%) and only 33% were against including dilutables. Supportive comments for taxing dilutables included: they are sugar and therefore should be taxed, they added no nutritional value and people drink too many of them.

**Question 5: Do you agree with the exclusion of milk-based items? If not, which items should be included?**

Half, or 51%, of respondents agreed that milk-based products should be excluded from the tax. 52% of individuals thought milk-based items should be excluded, while only 37% of businesses believed they should be excluded. The majority of the business responses (40%) believed milk-based items should be taxed.

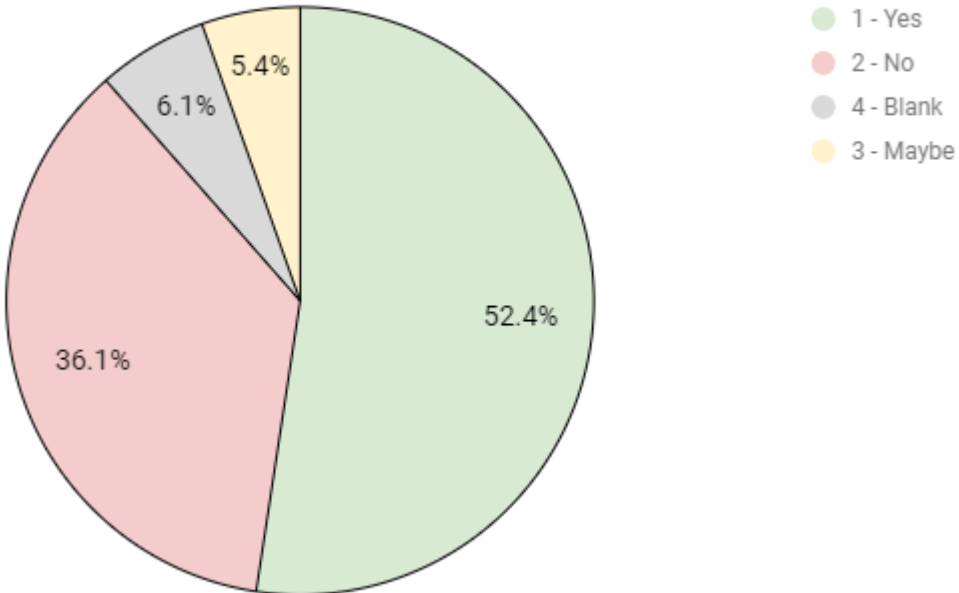
Those against taxing milk-based items provided the following reasons: it is staple, low calcium consumption is a public health concern and milk has nutritional value. Many would like, however, for sugar-added milk items to be included as a next step. Overall, 37% thought milk-based items should be taxed, while 6% were unsure and 7% left the question blank. In particular those who thought milk-based items should be taxed suggested the following items: chocolate milk, frappuccinos and other sugar-sweetened milk-based items. Future work to differentiate between milk and sugar-added milk items was identified repeatedly as an area to develop.

Do you agree with the exclusion of milk-based items? If not, which items should be included?



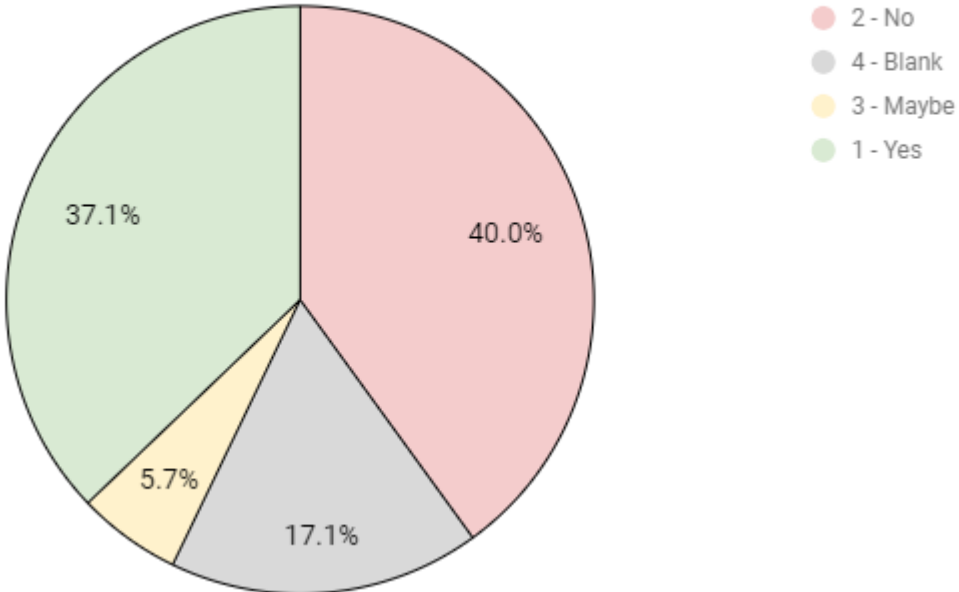
**Individual Responses:**

Do you agree with the exclusion of milk-based items? If not, which items should be included?



**Business Responses:**

Do you agree with the exclusion of milk-based items? If not, which items should be included?



**Question 6: Should the Government include candy and confectionery (food) items in the sugar tax or should the proposed tax focus only on drinks?**

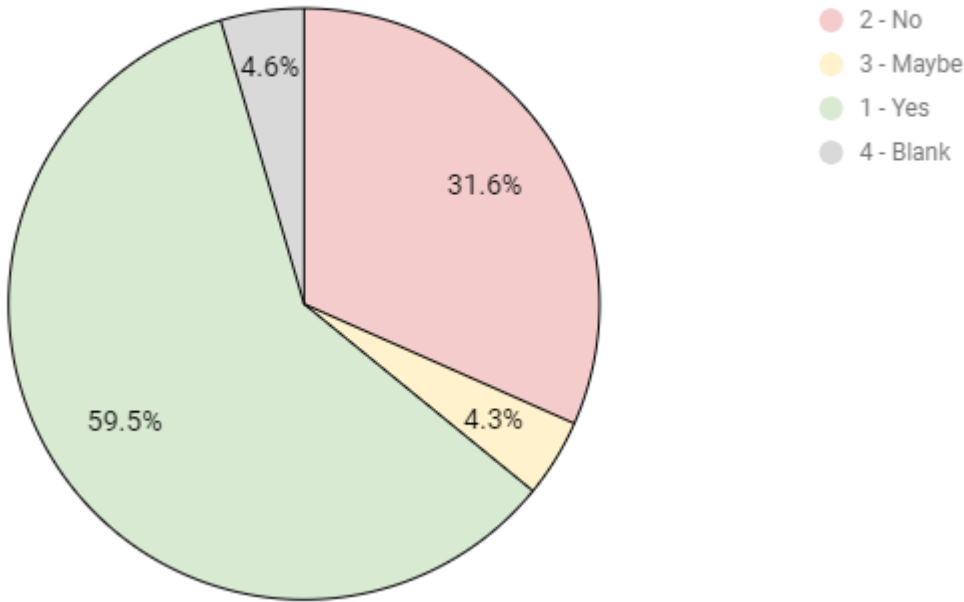
**Approximately 59.5% of respondents agreed that candy and confectionery should be subject to the Sugar Tax. Individuals were overwhelmingly more in support of the tax on candy than businesses 62% vs. 40% respectively.**

Overall, 32% of respondents did not believe candy and confectionery should be taxed, 4% were unsure and 5% left the question blank. Those who supported the tax on candy gave the following rationale: the candy provides no nutritional value, they are high in sugar and the sugar content could also lead to health concerns (e.g. tooth decay).

For both businesses and individuals not in support of taxing candy, many suggested the tax was overreaching and should only focus on drinks at this time.

Candy and confectionery is included in tariff 1704.909 and includes gummy candies, marshmallows and other candy.

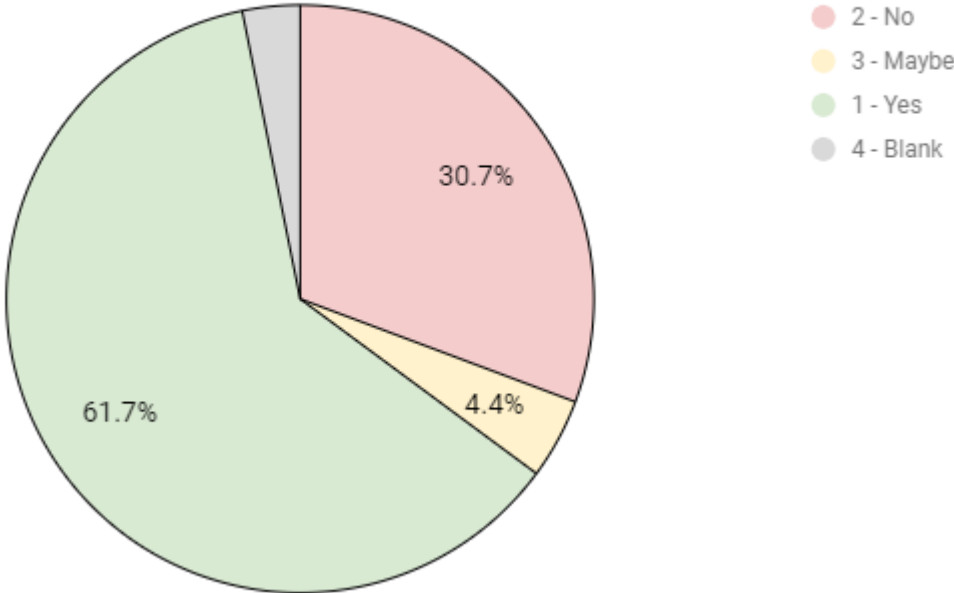
Should the Government include candy and confectionery (food) items in the sugar tax or should the proposed tax focus only on drinks?





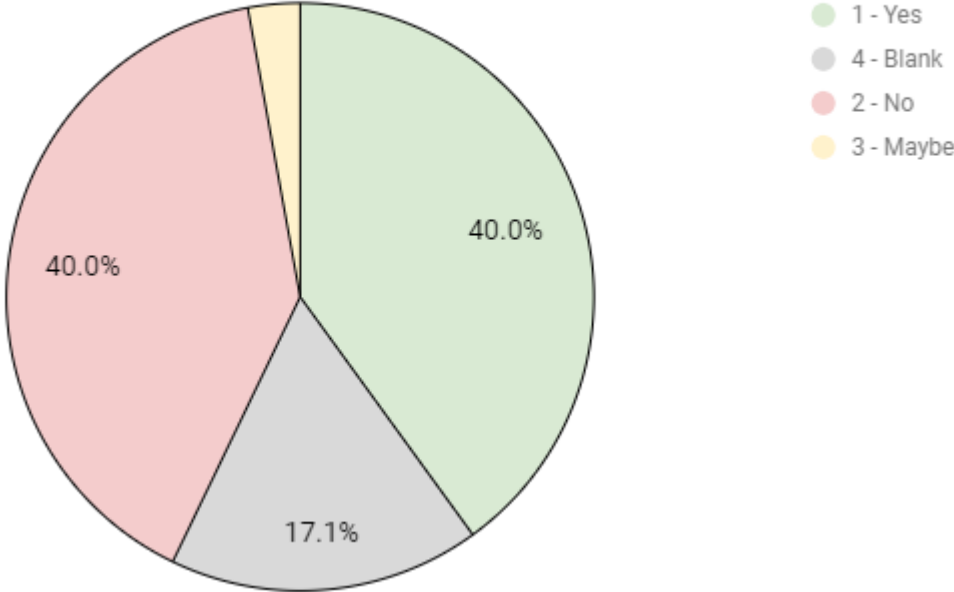
**Individuals Responses:**

Should the Government include candy and confectionery (food) items in the sugar tax or should the proposed tax focus only on drinks?



**Business Responses:**

Should the Government include candy and confectionery (food) items in the sugar tax or should the proposed tax focus only on drinks?

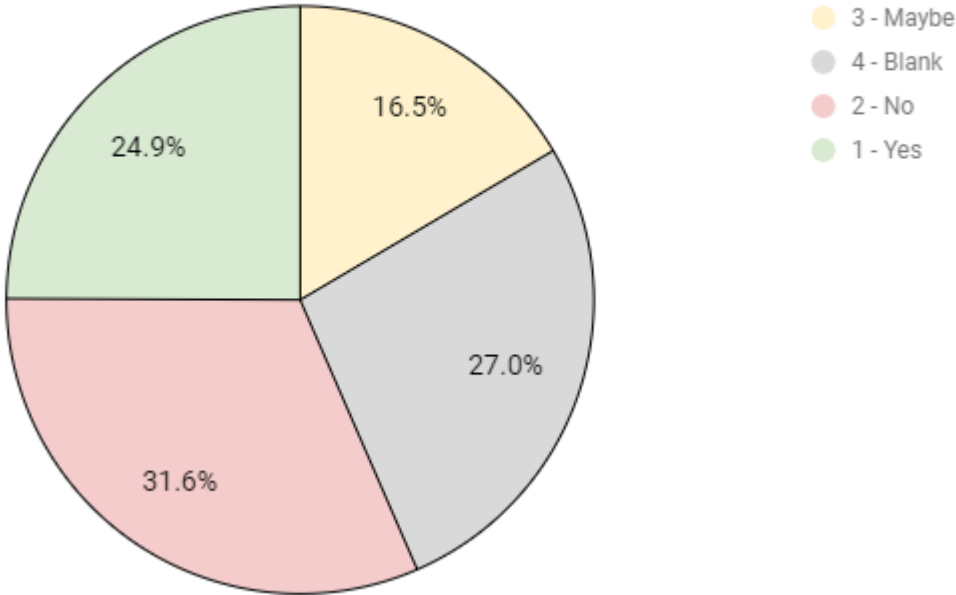


**Question 7: Respondents are invited to submit any evidence that the tax could have potentially adverse impacts on lower income persons.**

**More respondents (32%) did not think that low income persons would be adversely affected by the sugar tax. Both businesses (39%) and individuals (31%) did not think the tax would not have adverse impacts on low income persons.**

The majority of respondents thought it would not cause adverse effects on low income persons, with most suggested lowering the tax on healthy foods, excluding raw sugar from the proposed tax and education as ways to manage the potential for adverse effects.

Please submit evidence (if any) that the proposed tax could have potentially adverse impacts on lower income persons.



Some respondents worried that the tax may lead to job loss and another warned that the tax would be less effective if retailers redistribute the sugar import tax across other non-target foods in order to keep retail prices of the targeted items relatively unchanged.

A study by the Deakin University Global Obesity Centre<sup>7</sup> and a study published in the Lancet medical journal<sup>8</sup> found that a sugar tax would not unfairly punish disadvantaged groups. The study found lower income persons were more price sensitive so were more likely to stop buying soft drinks when prices raised. The same group was purchasing more of the sodas and therefore there was a greater chances at making a change to their consumption and therefore healthier lives.

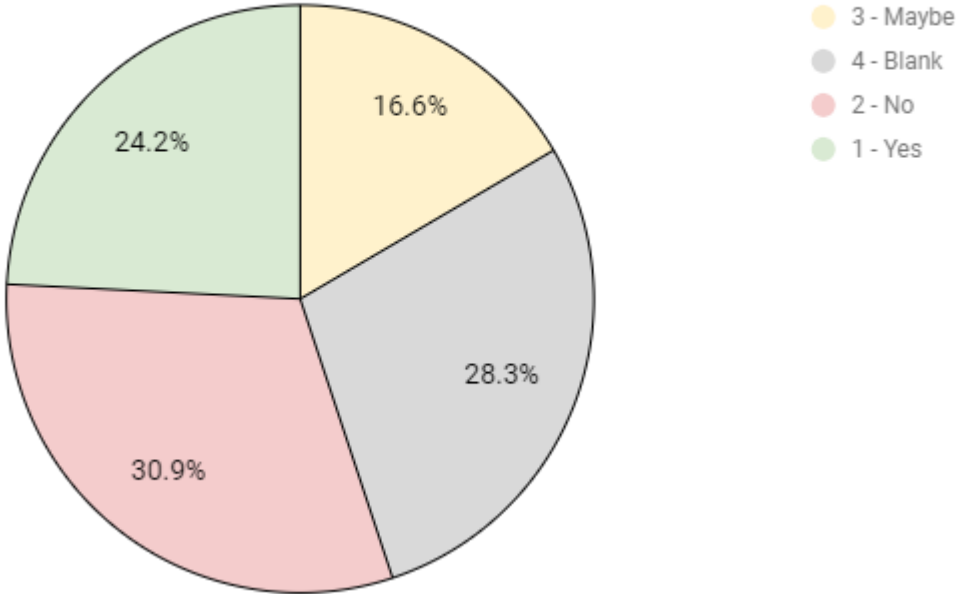
<sup>7</sup> Study shows sugar tax would benefit low income groups. Media Release: Deakin University Global Obesity Centre, 28 June 2017. <http://www.deakin.edu.au/about-deakin/media-releases/articles/study-shows-sugar-tax-would-benefit-low-income-groups> Last accessed 21st March 2018

<sup>8</sup> Equity impacts of price policies to promote healthy behaviours, 4 April 2018. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(18\)30531-2/fulltext?code=lancet-site&\\_hstc=140923309.a283684c4e89e796f2c250fe2c2dab49.1524161534287.1524161534287.1524161534287.1&\\_hssc=140923309.3.1524161534287&\\_hsfp=1411137134](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(18)30531-2/fulltext?code=lancet-site&_hstc=140923309.a283684c4e89e796f2c250fe2c2dab49.1524161534287.1524161534287.1524161534287.1&_hssc=140923309.3.1524161534287&_hsfp=1411137134) Last Accessed: 19th April 2018

In the STEPS to a Well Bermuda Survey 2014, the results found that nearly half (49.6%) of the respondents reported having at least one sugary drink per day.<sup>9</sup> According to the Health Disparities Report 2013 by the Bermuda Health Council, households with lower income (less than 60k) spent more of their income on healthcare than higher income households (60k+).<sup>10</sup> If the sugar tax is a barrier to purchasing and consumption of excess calories as added sugar, and is used to promote and educate the public, it could foster equity.

**Individual Responses:**

Please submit evidence (if any) that the proposed tax could have potentially adverse impacts on lower income persons.

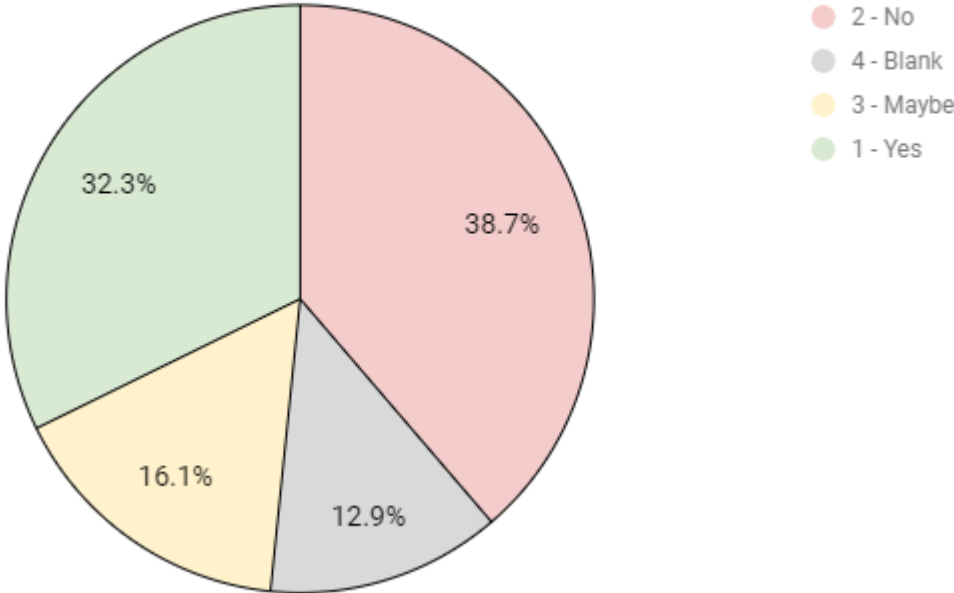


<sup>9</sup> Ministry of Health, Seniors and Environment (2016) Steps to a Well Bermuda 2014. Government of Bermuda: [https://www.gov.bm/sites/default/files/steps\\_to\\_a\\_well\\_bermuda\\_2014\\_0\\_2.pdf](https://www.gov.bm/sites/default/files/steps_to_a_well_bermuda_2014_0_2.pdf) Last accessed 21st March 2018.

<sup>10</sup> Bermuda Health Council (2013) Health Disparities Report 2013. Bermuda Health Council: Bermuda. <https://www.gov.bm/sites/default/files/Health-Disparities-Report-2013-Final1.pdf> Last accessed 21st March 2018

**Business Responses:**

Please submit evidence (if any) that the proposed tax could have potentially adverse impacts on lower income persons.



### Question 8 and 9 combined: Would 75% tax or 150% tax be the appropriate tax level for the Sugar Tax?

In questions 8 and 9, the Ministry of Health asked the public to indicate which level of tax would be appropriate - 75% or 150%. There was a variety of responses between the two questions, which is why they were combined in our review of the feedback.

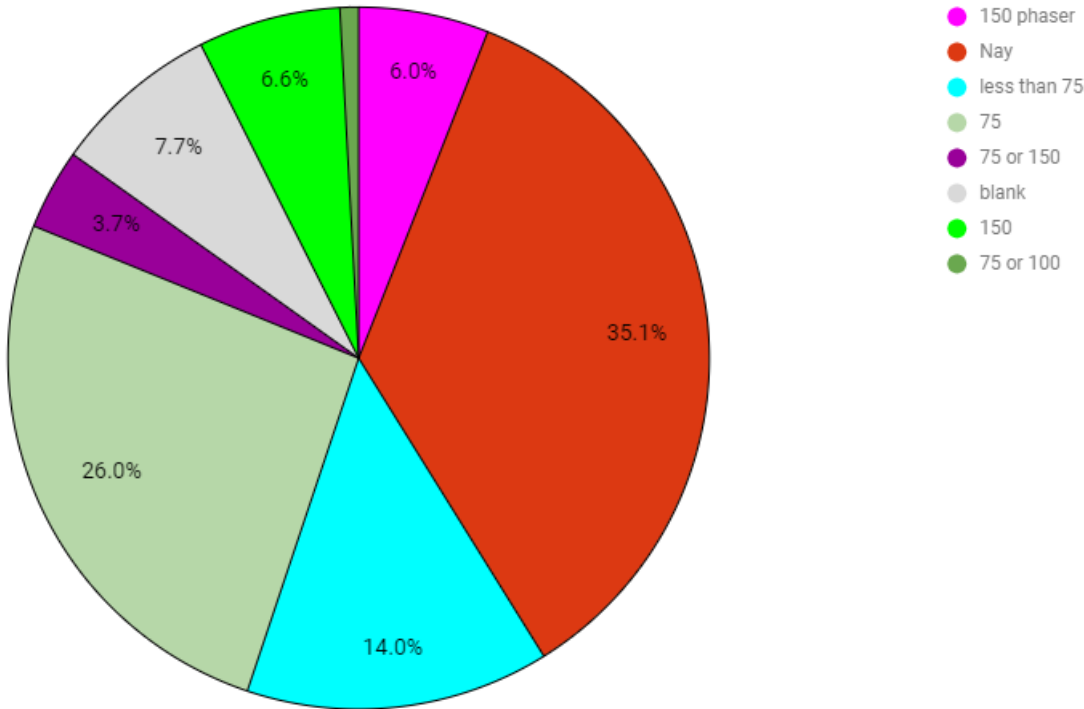
Many persons agreed with both 75 and 150 or even proposed new levels of taxation (e.g. 100%).

**Overall, a greater proportion of respondents, 43%, agreed the sugar tax rate should be 75% or higher.**

Further, 6% of respondents said that 150% should be used if 75% does not work as a deterrent.

Overall, 35% did not agree with taxation at all and 14% thought it should be less than 75%.

Tax Rate Feedback



**Question 10: Assuming the importer will pass on the additional cost to the customer, will the increases in cost change the public’s behaviour?**

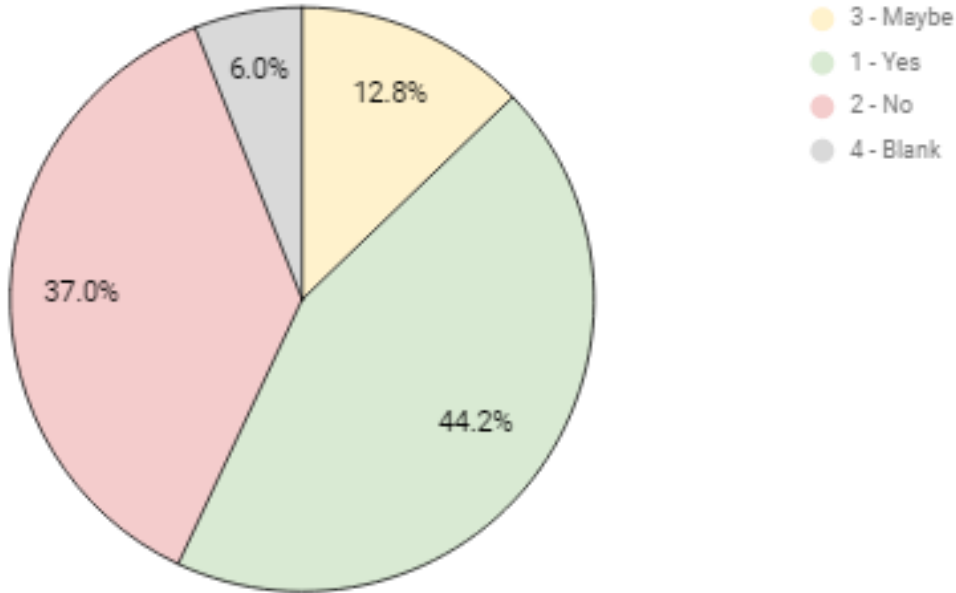
The majority of respondents (44%) agreed that passing of taxes to the consumer would change the consumers’ behaviours. Businesses (39%) and individuals (44%) were in agreement that the cost would be passed on to customers.

Respondents agreed that higher prices to import goods would be passed on to the customer and some worried that if tax was lowered on other items (e.g. vegetables and fruits) that would not be passed on to the customer. Those who disagreed that the tax would change behaviour (37%), referenced the increased prices on cigarettes and alcohol and how those higher prices have not made a difference in consumption.

While we do not have local studies to show if increases on alcohol or cigarettes caused a decrease in consumption, Bermuda has one of the lowest daily smoking rates in the Organisation for Economic Co-operation and Development (OECD). The low rate is likely supported by a variety of policies to reduce tobacco consumption, public awareness campaigns, advertising bans and increased taxation.<sup>11</sup>

The proposed sugar tax is only one area the government is currently seeking a change to affect behaviours. The Ministry of Health will continue the various initiatives to educate the public and the funds raised from the tax will go towards supporting and expanding these efforts (see [Annex V](#)).

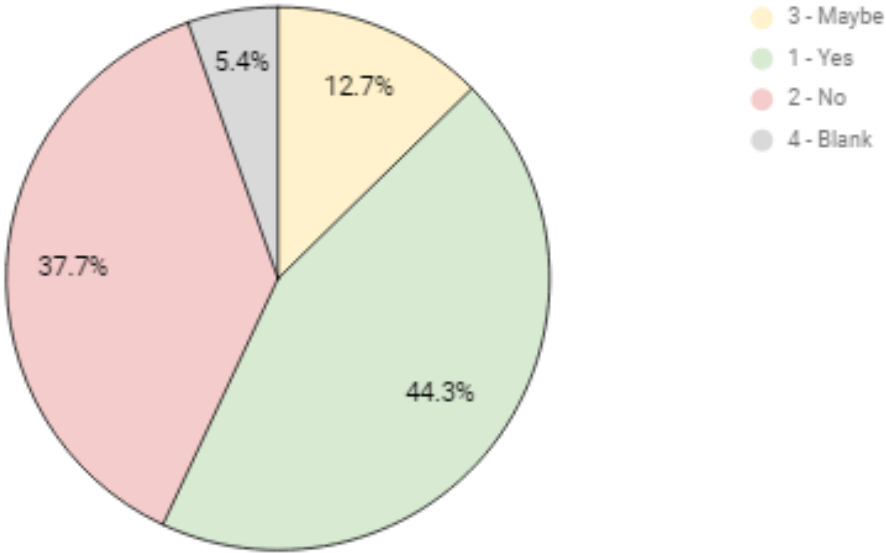
Assuming the importer will pass on the additional cost to the customer, will the increases in cost change the public’s behaviour?



<sup>11</sup> Ministry of Health (2017), Health in Review 2017: An International Comparative Analysis of Bermuda Health System Indicators, 2<sup>nd</sup> Edition. Ministry of Health: Bermuda. P. 75: [https://www.gov.bm/sites/default/files/Health%20in%20Review%202017%20%2C%20%202nd%20Edition\\_0.pdf](https://www.gov.bm/sites/default/files/Health%20in%20Review%202017%20%2C%20%202nd%20Edition_0.pdf) Accessed 21 March 2018

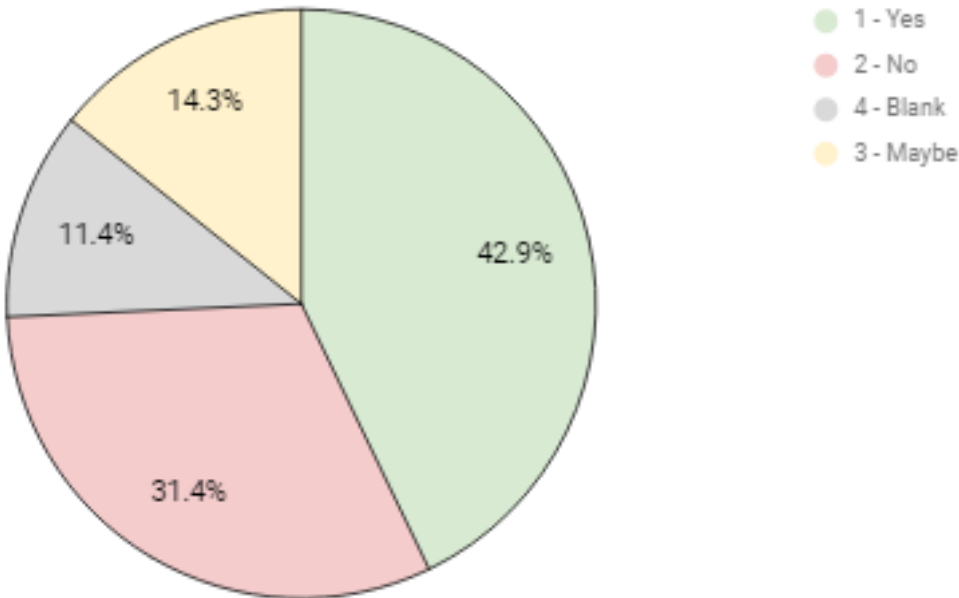
**Individual Responses:**

Assuming that the importer will pass on the additional cost to the customer, will the increases in cost change the public's behaviour?



**Business Responses:**

Assuming that the importer will pass on the additional cost to the customer, will the increases in cost change the public's behaviour?



**Question 11: Should products which are given away free of charge, still be liable to the proposed tax? If not, please provide examples of where relief may be appropriate and why.**

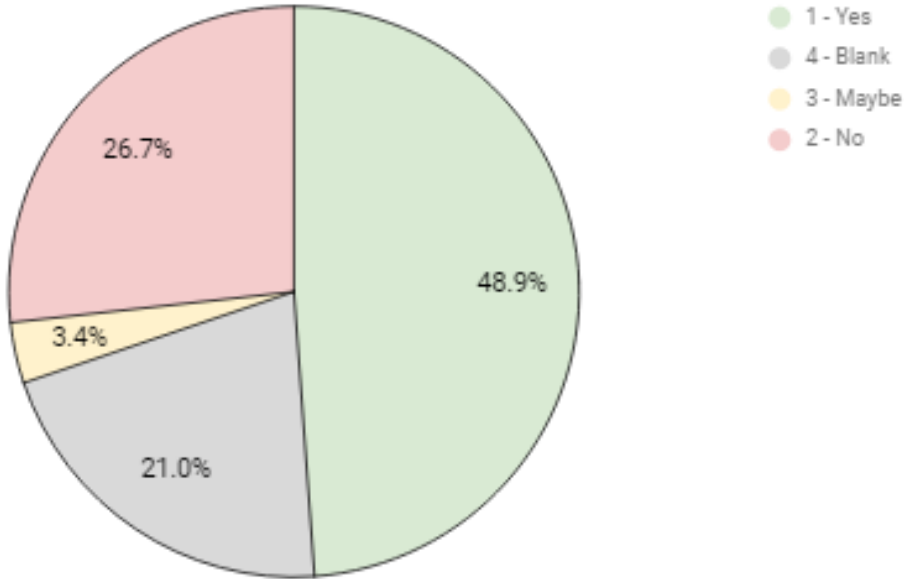
**The majority of respondents (49%) agreed that products given away free of charge should be liable to tax. Businesses (50%) and individuals (49%) were in agreement.**

The respondents who were not in favour of free items being liable to tax were 27%, those unsure were 3% and 21% left the question blank. Those who supported taxing free items gave the following rationale: this will encourage healthier giveaways, purchased or free the sugar content does not change, and samples are aimed to get people to purchase the products.

Individuals who disagreed with taxing free items believe that free items should be completely free, and some were concerned about charities being adversely affected.

29% of businesses were in opposition of products given away for free of charge being liable to the proposed tax, while 50% agreed and 21% did not answer the question.

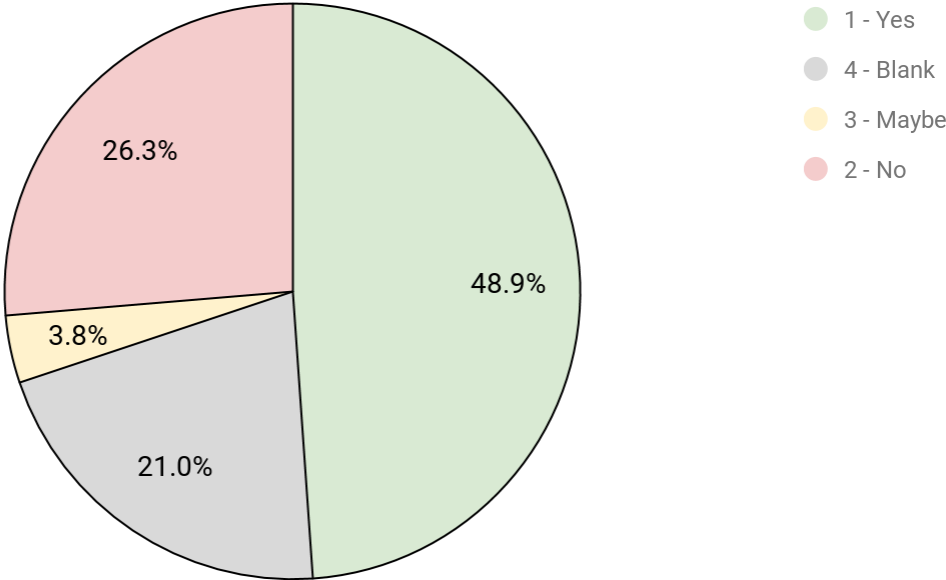
Should products given away free of charge still be liable to the proposed tax?





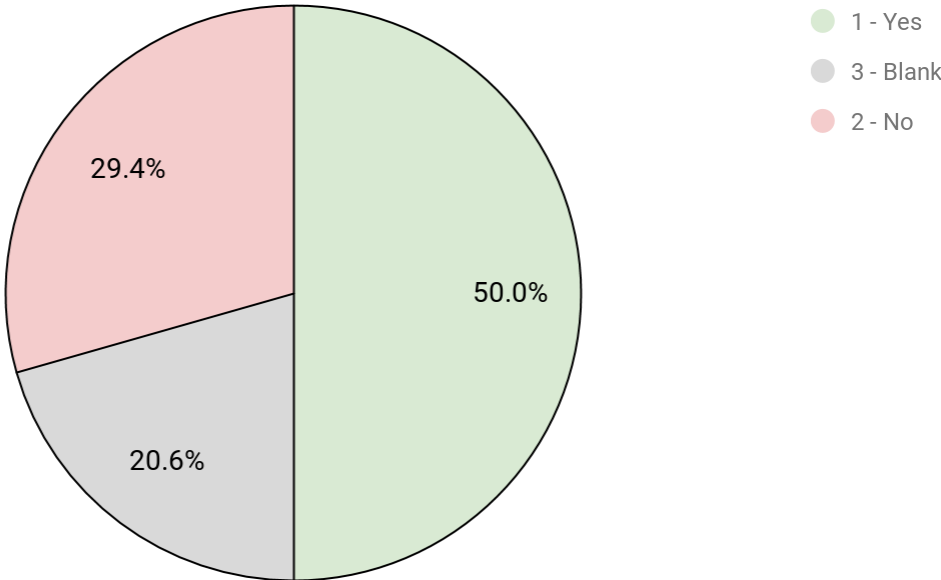
**Individual Responses:**

Should products which are given away free of charge, still be liable to the proposed tax? If not, please provide examples of where relief may be appropriate and why.



**Business Responses:**

Should products which are given away free of charge, still be liable to the proposed tax? If not, please provide examples of where relief may be appropriate and why.

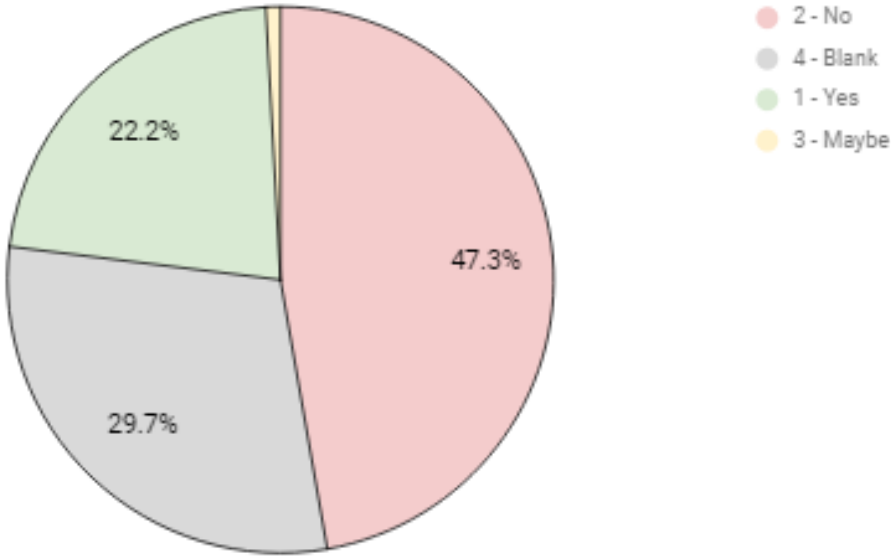


**Question 12: Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about?**

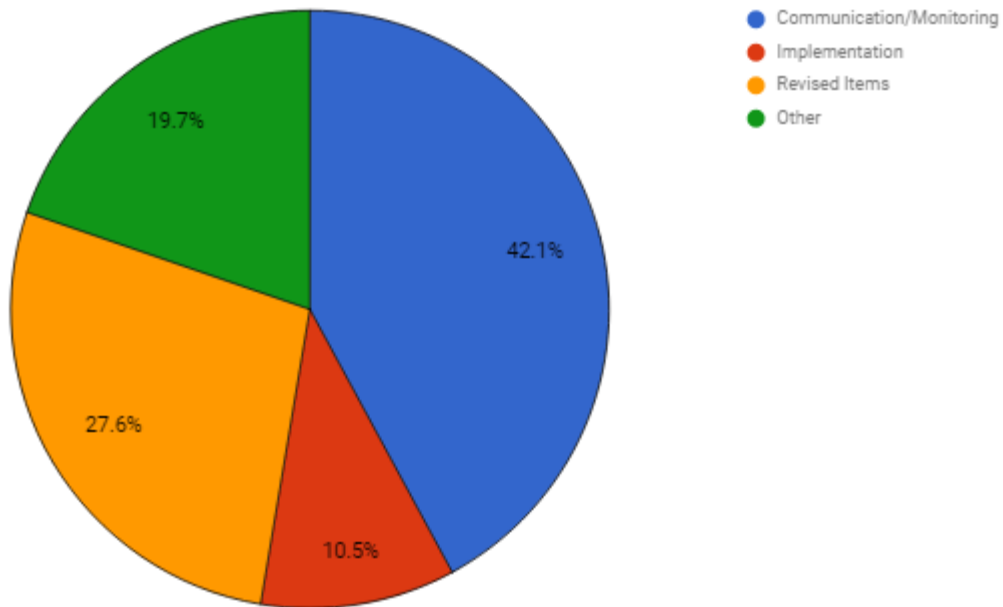
**Most respondents (47%) agreed with the proposed reporting requirements. Respondents who were concerned about the proposed reporting requirements (22%) had their comments categorized into four areas that included: communication/monitoring, implementation, revised items, and other. 30% of respondents did not answer the question.**

Issues reported in the “communication/monitoring” category included: clarity on rules/guidelines for customs and public, a graduated approach to tax, policing customs officers to ensure rules are followed, and ensuring businesses are being truthful to customs. Issues submitted in the “implementation” category were: declaration forms need to be updated, and more resources for customs officers needed. Increased research needed and nutritionists’ input were suggested for the “revised items” category. The other category included responses identifying issues such as: single use plastic, black market sale, funds allocation and church exemption.

Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about?



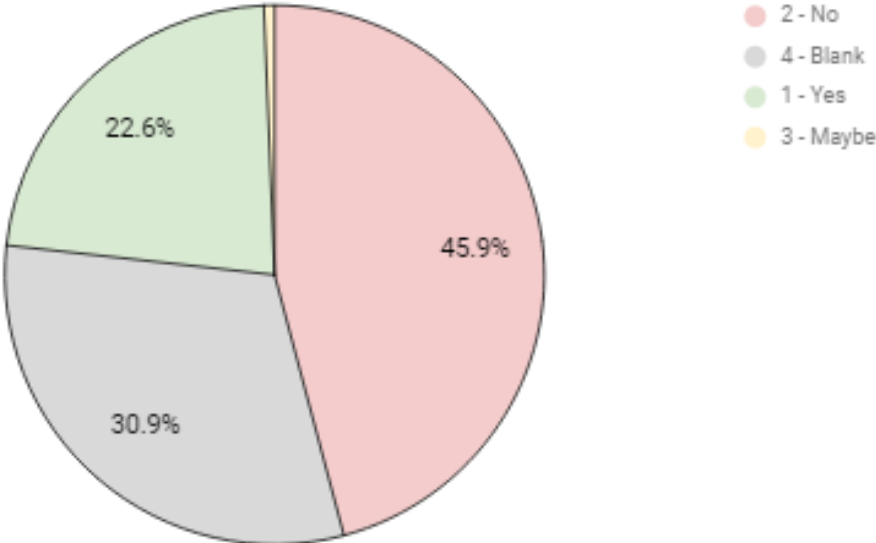
Are There Any Issues With The Proposed Reporting Requirements That You Think We Should Know About?



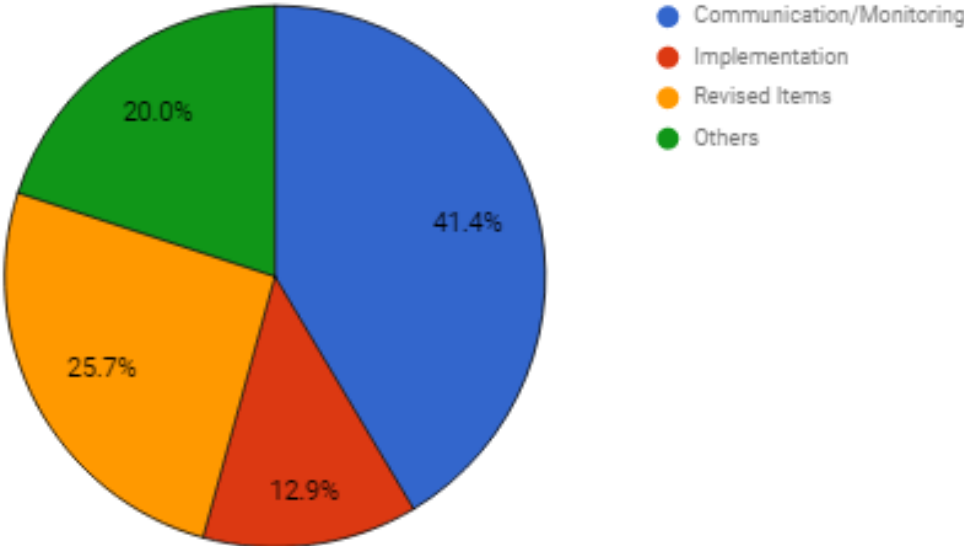
Those individuals (23%) and businesses (19%) who agreed there were issues with the reporting requirements, gave the following rationale: there needs to be clarity and policing of rules, declaration forms need to be revamped, nutritionists' input suggested, and proper education needed for customs officers. Communication/monitoring was the main concern of individuals and businesses alike.

**Individual Responses:**

Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about?



Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about?



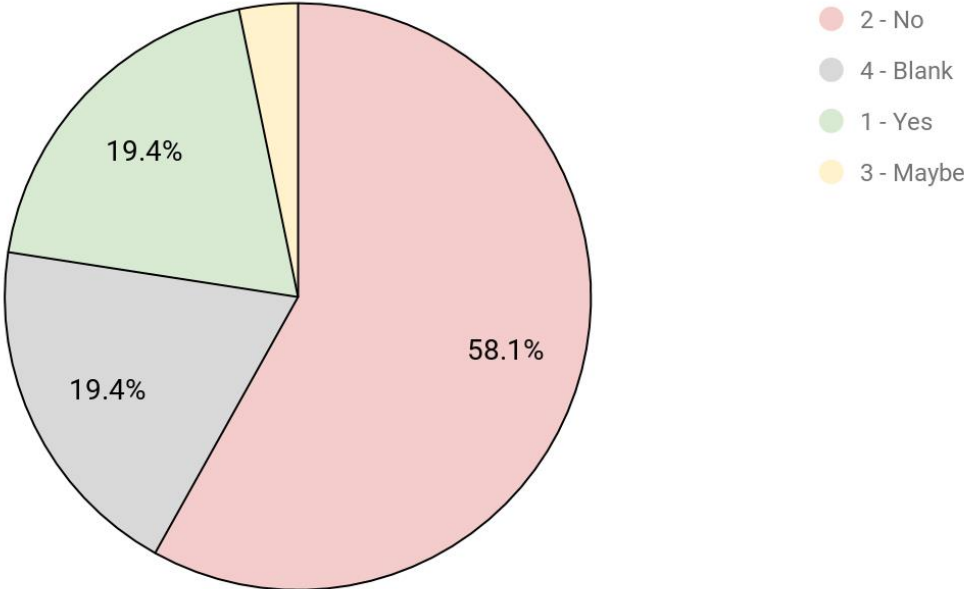
The majority of individuals (46%) did not believe there were any issues with the proposed reporting requirements and 31% of individuals left the question blank.

In the category of Communication/Monitoring (41%), most responses identified concerns with importation rules, the actions/attitudes of importers, and honesty of importers. In the Revised Items category (26%), the respondents were calling for more research on types of sugars, nutritionists’ insight, and a graduated approach to the proposed tax. Those reporting issues in the implementation (13%) wanted: to see a flat duty rate at the airport, a comprehensive list of taxed items, customs officials to be familiar with label reading, and an easier declaration system. Other

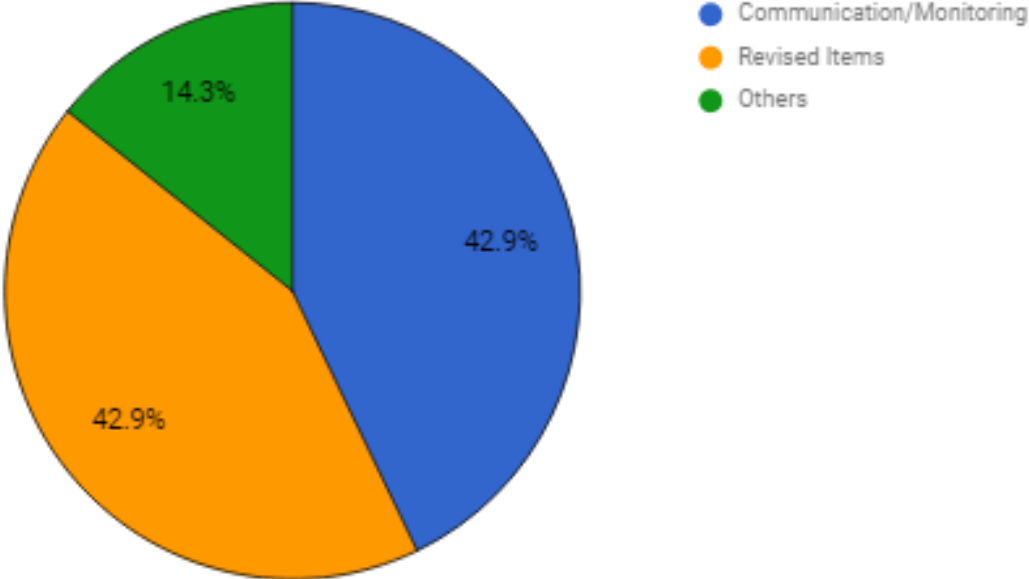
concerns individuals had (20%) were single use plastic, sudden black market sales of sugar laden products, locals buying in bulk and hiding it at the border, allocation of the funds, the declaration process being time consuming, and unfairly targeting churches.

**Business Responses:**

Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about?



Are there any issues with the proposed reporting (i.e. Customs declaration at importation) requirements that you think we should know about



58% of businesses did not believe there were any issues with the proposed reporting requirements.

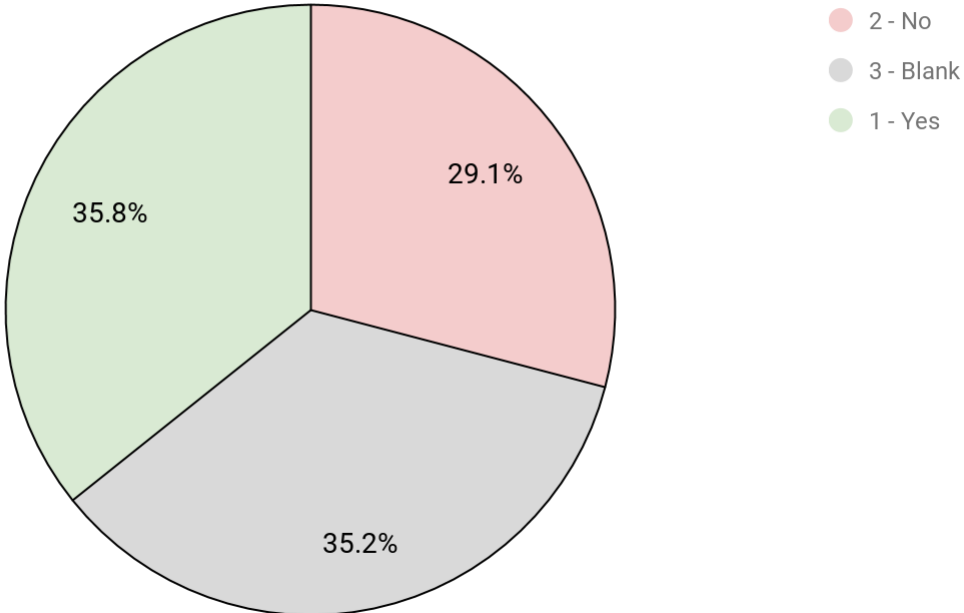
The 19% of businesses who expressed concern, were sorted into the same four categories: communication/monitoring, implementation, revised items, and other.

Businesses suggesting issues with communication/monitoring (43%) were most concerned with how descriptive customs declaration would be. Businesses reporting issues with Revised Items (43%), called for a graduated approach to tax, and are curious to know why sugar free items are not targeted. The other category (14%), included concerns about whether churches would be exempt.

### Question 13: Do you have any other concerns or suggestions around compliance risks?

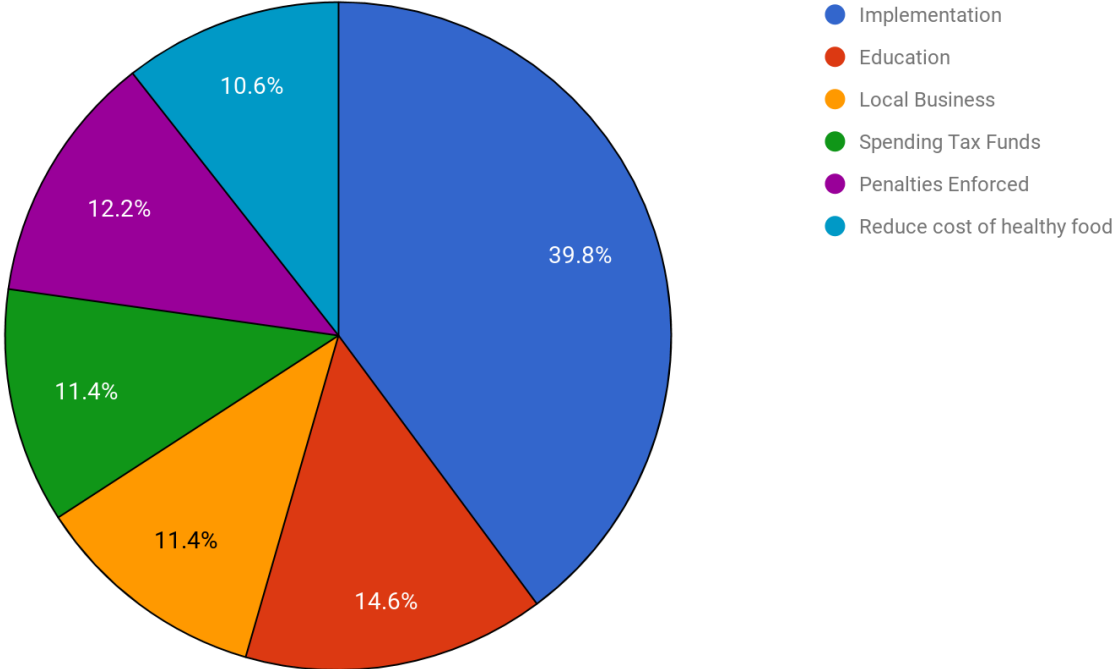
The majority of respondents (36%) shared their concerns and suggestions around compliance risks of the proposed sugar tax. The concerns or suggestions submitted were broken down into six categories: implementation, education, local business, spending tax funds, penalties enforced, and reduce the cost of healthy food.

Do you have any other concerns or suggestions around compliance risks?



Those who agreed there are compliance risks (123 respondents), 40% were concerned about implementation, 15% about education (i.e. need to educate persons on how to eat healthier), 11% effect on local businesses, 11% about how the tax funds will be spent, 12.2% on how the penalties will be enforced and 11% requested/suggested that healthy food prices be reduced (See Chart below).

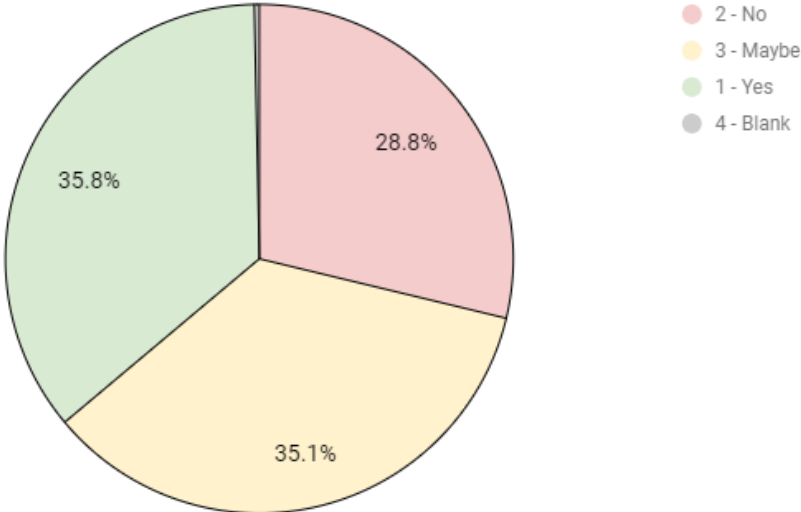
Concerns about Sugar Tax Compliance



Individuals who responded, 35% did not have any concerns or suggestions around compliance risks. 29% had concerns and 36% left the question blank. Businesses who responded, 36% did have concerns. 32% of respondents did not have any concerns and 32% left the question blank.

**Individual Responses:**

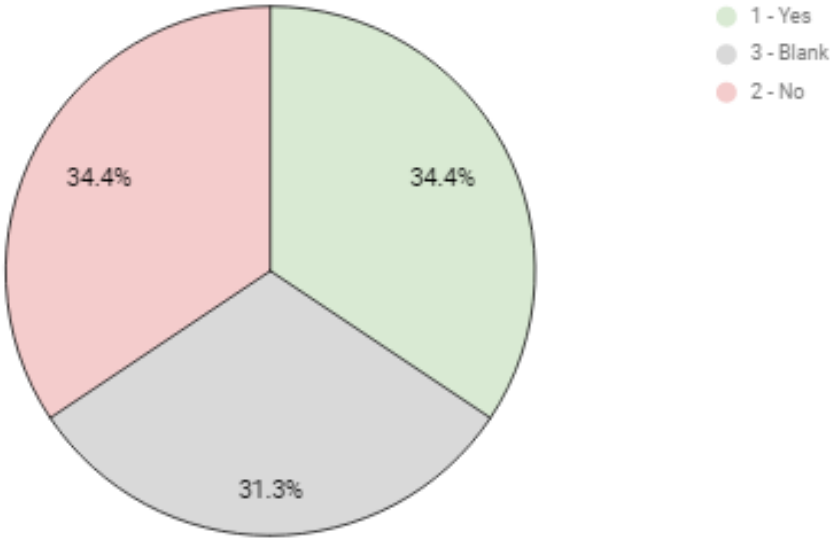
Do you have any other concerns or suggestions around compliance risks?





**Business Responses:**

Do you have any other concerns or suggestions around compliance risks?



Overall, respondents (individuals and businesses) to question 13 were more concerned with the implementation. Individuals were least concerned with healthy food costs and local businesses. Businesses were least concerned about education, tax funds, and the penalties enforced.

# Summary of Findings

The consultation found:

1. There was more support for a sugar tax as proposed than opposition; 41% in favour 9% somewhat in favour and 44% against the items proposed.
2. 100% fruit juice should not be included at this time (63% agreed and 29% disagreed).
3. Milk-based items should not be included at this time (51% agreed and 37% disagreed)
4. Dilutables should be taxed (48% agreed and 34% opposed).
5. Candy should be taxed (60% agreed and 32% opposed).
6. 25% believe that low income persons would be adversely affected by the sugar tax (32% oppose).
7. 43% in favour of a 75% duty rate or more, 14% lesser rate of tax and 35% opposed.
8. 44% agreed passing of taxes would change the consumers' behaviours; 43% of businesses and 44% of individuals agree.
9. 48.9% agreed that products given free of charge should be liable to tax (27% opposed).
10. Individuals (45.9%) and businesses (58.1%) did not believe there were any issues with the proposed reporting requirements.
11. The concerns and suggestions around compliance risks of the proposed sugar tax were based mostly on implementation (40%), and education (15%). 29% of participants did not have any concerns. Both individuals and businesses were more concerned about implementation of the proposed Sugar Tax.
12. The public would like more nuance in the customs tariff to ensure the proper items are targeted.

# Conclusions

- The tax will be implemented as 75% import duty on the items under the tariff codes listed in [Table 1](#)
- The tax will be introduced in phases. In the first phase the tax will be applied to specific 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.
- From April 2018, some imported fruit and vegetables will have duty reductions.
- The tax will apply from July 2018.

# Annex I - Written Submissions

<https://goo.gl/TE8y1U>

# Annex II - Data Table from Web Submissions

<https://goo.gl/Hkhdsp>

# Annex III - Importers Meeting Minutes

## Sugar Tax Consultation Interim Report – Importers Meeting

Meeting Date:	March 27, 2018	Time:	4:00pm – 5:15pm
Location:	BPSU	Note Taker:	S. Richaé Smith
Meeting Called By:	David Kendell, Director of Health		
Attendees:	Dunkley’s, Barritts, Goslings, Crow Lane Bakery, Sweet Sack, Ashley’s Lemonade, BDA Rum Cake, Juice & Beans, Crawl Hill Esso, AC Brewer, Treats, R M Roberts, HI Group of Companies, Sugar Shack		
Absent:	Julia Darzi, Renay Arorash		
<b>Topics</b>	<b>Key Discussion Points and Decisions</b>		
1. Welcome and Introductions	Attendees were thanked all for responses and careful and through submissions. Attendees stated their name and a brief introduction.		
2. Discussion of interim report on the consultation	<ul style="list-style-type: none"> <li>Attendees requested greater clarity on the breakdown of the respondents: how many were written responses vs. online responses, business vs individuals.</li> <li>Summary statement in interim report was challenged i.e. “more support for a sugar tax than opposition”, however Q1 was asking if respondents supported the products identified in the proposed sugar tax.</li> <li>Attendees asked to make all written entries available online.</li> <li>Because the proposed tax is based on existing customs tariff codes, to ease implementation without additional oversight resources and using existing processes to administer the tax (i.e. NOT point of sale); candy, sweetened beverages, syrups and raw sugar were suggested at consultation NOT fruit juices, dairy items, chocolate. Rationale was questioned by attendees for not including chocolates and cookie e.g. Oreos - NB These codes may not be well understood by all importers (e.g. which Tariff code does a snickers bar go under) – though some are expert in the tariff headings that their businesses use.</li> <li>The question was raised if sugar-added or sugar sweetened beverages could be taxed first.</li> <li>Significant concern expressed about taxing raw sugar and the potential impact to local businesses - concern for loss of jobs and impact on (soda) prices for tourists. It would seem that products such as fudge (almost 100% sugar) will be impacted and items with lots of icing /</li> </ul>		

	<p>sugar filling. Items like bread will be less impacted as sugar is proportionally a minor ingredient.</p> <ul style="list-style-type: none"><li>● Attendees were disappointed there was not a representative from the Finance Ministry present and hoped implementation could be postponed until after they spoke with Finance.</li><li>● Attendees asked why the tax proposed is 75% when PAHO's recommendation is 20 to 50%? Because the PAHO recommendation is on the retail price point – not on the importation duty. The duty was proposed as a luxury tax and Customs is conservative on the number of duty rates that they create.</li><li>● Clarity on the implementation timeline was requested, tentative date is June 2018. One opinion was that implementation was being rushed.</li><li>● Next step, Ministry of Health to issue full Sugar Tax Consultation report.</li><li>● There was discussion on the need for monitoring to track the shift in buying patterns (if any) and to monitor whether substations were beneficial or not.</li><li>● Attendees wanted to see more public health education and promotion of healthy eating and assurance of the amount or portion of the sugar tax that would be used for this.</li><li>● Some businesses felt as if they are being disproportionately targeted for the health of Bermuda, especially if they were small without diverse product lines. They felt as if they would be hit the hardest by the tax, wanting assurance that there were no hidden agendas for the tax.</li></ul>
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## Annex IV - 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?



## Annex V - Health Initiatives

Current	About
<b>Healthy Schools</b>	<ul style="list-style-type: none"> <li>- Installed filtered water fountains in all public schools</li> <li>- 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. Public schools are also compliant.</li> <li>- Promotes water-only policies, which developed after the introduction of the Cafeteria and Vending Machine policy.</li> </ul>
<b>Premier’s Youth Fitness Programme (PYFP)</b>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<b>50 Billion Steps Challenge</b>	<ul style="list-style-type: none"> <li>- Ran one in 2017 and another scheduled for January 2018 to encourage community to walk more.</li> </ul>
<b>Eat Well Plate</b>	<ul style="list-style-type: none"> <li>- Used to promote health, balanced eating. Currently on the windows of the Ministry.</li> </ul>
<b>Eat Grow Save</b>	<ul style="list-style-type: none"> <li>- Launched in Spring 2017. Overprescribed and 10 plots behind Devonshire post office for participants established to grow produce.</li> </ul>
<b>Well Bermuda Strategy</b>	<ul style="list-style-type: none"> <li>- Published in 2006. The strategy provides a shared vision and set of goals for a healthy Bermuda.</li> </ul>
<b>Food Label Guide in grocery stores</b>	<ul style="list-style-type: none"> <li>- 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 for everyone.</li> </ul>
<b>Celebrate Wellness</b>	<ul style="list-style-type: none"> <li>- Annual Health Fair that promotes healthy eating and active living.</li> <li>- Encourages community partners to engage with the public</li> <li>- Started in 2011</li> </ul>
<b>Savour the Flavour : Eat Well for Less</b>	<ul style="list-style-type: none"> <li>- Department of Health partnered with community retail partners to line-up a range of healthy foods that grocers will offer as weekly specials.</li> <li>- Items are pre-vetted by the DoH dieticians to ensure they are part of a balanced diet.</li> </ul>
<b>Taking it to the Streets</b>	<ul style="list-style-type: none"> <li>- Five free health screenings held in Somerset, Hamilton and St. George’s in 2017 to identify health issues.</li> <li>- 351 people were screened and 126 were referred for high blood pressure and sugar.</li> </ul>
<b>Commit to Change: Halting the Rise of Obesity and Diabetes</b>	<ul style="list-style-type: none"> <li>- Introducing a National Framework for tackling obesity and diabetes.</li> </ul>

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

# 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](http://gov.bm/health-public-consultations).

## CONSULTATION OVERVIEW

<b>Subject of this consultation:</b>	A proposed "Sugar Tax" that will apply to the importation of sugar, candies, sodas and other beverages with added sugar into Bermuda.
<b>Scope of this consultation:</b>	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.
<b>Consultation period:</b>	Eight weeks, starting on 4 <sup>th</sup> January and ending on 1 <sup>st</sup> March 2018.
<b>After the consultation:</b>	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 <a href="http://www.gov.bm">www.gov.bm</a>
<b>Getting to this stage:</b>	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.
<b>Previous consultations:</b>	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](mailto: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](http://www.gov.bm/health-public-consultations).



[gov.bm/ministry/health-and-seniors](http://gov.bm/ministry/health-and-seniors)

Health\_bermuda



Continental Building, 25 Church St. Hamilton, HM 12

HealthBermuda



P.O. Box HM 380, Hamilton HM

healthbermuda



GOVERNMENT OF BERMUDA  
Ministry of Health and Seniors

# Issue Brief: Sugar Tax Consultation

4th January 2018

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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.

# Issue Brief: Sugar Tax Consultation

4th January 2018

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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).



GOVERNMENT OF BERMUDA  
Ministry of Health

# Sugar Tax Consultation

## **Consultation Document**

Publication date: 4<sup>th</sup> January 2018

Closing date for comments: 1<sup>st</sup> March 2018

*V1.0 3<sup>rd</sup> January 2017*

<b>Subject of this consultation:</b>	A proposed “Sugar Tax” that will apply to the importation of sugar, candies, sodas and other beverages with added sugar into Bermuda.
<b>Scope of this consultation:</b>	The Government announced in the Throne Speech, September 2017 that they 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.
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<b>Leading:</b>	Ministry of Health
<b>How to provide feedback:</b>	<p><b>Responses can be given online at</b>  <a href="https://goo.gl/forms/86QbP1rWx91Y3hO32">https://goo.gl/forms/86QbP1rWx91Y3hO32</a></p> <p>Email enquiries and responses can be sent to:  <a href="mailto:health@gov.bm">health@gov.bm</a></p> <p><b>Written enquiries and responses can be mailed to:</b>  Attn: David Kendell,  Department of Health  Continental Building  25 Church Street  Hamilton HM 12  Bermuda</p>
<b>After the consultation:</b>	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 <a href="http://www.gov.bm">www.gov.bm</a>
<b>Getting to this stage:</b>	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.
<b>Previous consultations:</b>	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.

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# 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 diabetes<sup>1</sup>. 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 day<sup>2</sup>.

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.

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<sup>1</sup> 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/> 21<sup>st</sup> November 2017.

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

# 1. Background

- 1.1 The Speech from the Throne on 8<sup>th</sup> 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.<sup>3</sup>

## Bermuda’s problem

- 1.3 Overall, 3 out of 4 of Bermuda’s adult residents are overweight or obese<sup>4</sup> 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.<sup>5</sup>
- 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.<sup>6</sup>

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<sup>3</sup> 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 28<sup>th</sup> September 2017

<sup>4</sup> STEPS SURVEY 2014

<sup>5</sup> Health in Review 2017, Ministry of Health, Government of Bermuda.

<sup>6</sup> 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
<b>Sugars of Heading 1701</b>	Sugar in solid forms, not syrups or other liquids. Includes brown sugar, white sugar, powdered sugar, and icing sugar.
<b>Tariff 1704.909</b>	Marshmallows, yogurt covered raisins, caramel candy, fondant, nougat, white chocolate. Other chocolate currently not being considered (see point 2.23)
<b>Tariff Code 2106.900</b>	Dilutables, crystals/powders and flavoured sugar syrups. For example brands like KoolAid, Ribena, Coffeemate etc.
<b>Heading 22.02</b>	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 health<sup>7</sup>, 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

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<sup>7</sup> Bermuda Health Council (2013) Health Disparities Report 2013, Bermuda Health Council: Bermuda.

and have an impact on the overweight, obesity and cardiovascular diseases.<sup>8</sup> 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.

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<sup>8</sup> 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 ( <a href="#">Table I</a> )
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 ( <a href="#">See Annex 1</a> )
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 <sup>9</sup> 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. <sup>10</sup>
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.

<sup>9</sup> 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)

<sup>10</sup> "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.
- 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?

## 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 **1<sup>st</sup> March 2018**:
  - Online at <https://goo.gl/forms/86QbP1rWx91Y3hO32>
  - Email enquiries and responses to [health@gov.bm](mailto: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](http://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
<b>Healthy Schools</b>	<ul style="list-style-type: none"> <li>- Installed filtered water fountains in all public schools</li> <li>- 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.</li> <li>- Promotes water-only policies, which developed after the introduction of the Cafeteria and Vending Machine policy.</li> </ul>
<b>Premier’s Youth Fitness Programme (PYFP)</b>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<b>50 Billion Steps Challenge</b>	<ul style="list-style-type: none"> <li>- First one in 2017 and another scheduled for January 2018 to encourage community to walk more.</li> </ul>
<b>Eat Well Plate</b>	<ul style="list-style-type: none"> <li>- Used to promote health, balanced eating. Currently on the windows of the Ministry.</li> </ul>
<b>Eat Grow Save</b>	<ul style="list-style-type: none"> <li>- Launched in Spring 2017. Over-subscribed and 10 plots behind Devonshire post office for participants established to grow produce.</li> </ul>
<b>Well Bermuda Strategy</b>	<ul style="list-style-type: none"> <li>- Published in 2006. The strategy provides a shared vision and set of goals for a healthy Bermuda.</li> </ul>
<b>Food Label Guide in grocery stores</b>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<b>Celebrate Wellness</b>	<ul style="list-style-type: none"> <li>- Annual Health Fair that promotes healthy eating and active living.</li> <li>- Encourages community partners to engage with the public</li> <li>- Started in 2011</li> </ul>
<b>\$avour the Flavour : Eat Well for Less</b>	<ul style="list-style-type: none"> <li>- Department of Health partnered with community retail partners to line-up a range of healthy foods that grocers will offer as weekly specials.</li> <li>- Items are pre-vetted by the DoH dieticians to ensure they are part of a balanced diet.</li> </ul>
<b>Taking it to the Streets</b>	<ul style="list-style-type: none"> <li>- Five free health screenings held in Somerset, Hamilton and St. George’s in 2017 to identify health issues.</li> <li>- 351 people were screened and 126 were referred for high blood pressure and sugar.</li> </ul>
<b>Commit to Change: Halting the Rise of Obesity and Diabetes</b>	<ul style="list-style-type: none"> <li>- Informs a National Framework for tackling obesity and diabetes.</li> </ul>

<b>Proposed</b>	<b>About</b>
<b>Non-communicable disease Board</b>	To co-ordinate the Obesity and Diabetes National Framework.
<b>Eliminate SSBs* from Kids' Meals</b>	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.
<b>Introduce Food Labelling</b>	Require food establishments to publish food nutrition labels on their menus. Link to their licensing.
<b>License SSB Retailers</b>	Add requirement stores limit the number of SSBs they carry to healthy beverages, restrict portion sizes or set a minimum price.
<b>Limit SSB Portion Sizes</b>	Limit the portion size on single-serving SSBs.
<b>Public Awareness Campaign</b>	Similar to NYC's Pouring on the Pounds campaign. Ask consumers to reduce consumption by a specific amount, identify the health risks.
<b>Limit SSBs on Government Property</b>	Remove from vending machines, healthy meeting policies.
<b>Encourage Businesses to eliminate SSBs</b>	Find an incentive for businesses to eliminate the SSBs.
<b>Encourage creation of Healthy Checkout Aisles</b>	Food retailers to offer a minimum number of healthy snacks at the check-out counter.
<b>Vending Machine Policy in Government Buildings</b>	Restrict or limit unhealthy options in vending machines on any Government Premises (except the airport departure gates)
<b>Read your labels food guide in supermarkets</b>	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
<b>Type of Tax</b>	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.
<b>Tax Rate</b>	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.
<b>Taxable Products</b>	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”. <sup>11</sup>  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).
<b>Level of Application of the Tax</b>	Locally-produced goods- applied to producer or manufacturer	UK producers and UK importers (any country including EU). <sup>12</sup>	Manufacturers, producers, importers	On the first distributor within Berkley.

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

<sup>12</sup> Not cafes, restaurants, etc.

	Barbados	UK	Mexico	Berkley, California
	Imported goods – applied to wholesaler	Will provide relief to small operators or low volumes.		
<b>Tax Recovery</b>	VAT and Excise Tax Administration System - ‘Voluntary’ but subject to audit	Producers and importers liable for the tax must register with HMRC <sup>13</sup> , 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.
<b>Mechanisms for earmarking tax revenue</b>	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.
<b>Protecting vulnerable populations</b>	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.
<b>Stakeholder Consultation</b>	Ministry of Finance engaged in limited stakeholder consultation.	Published a Consultation document 18 <sup>th</sup> August ‘16 and responses due by 13 <sup>th</sup> October ‘16. Document posted on website.	PAHO/WHO led strategic and intersectoral coordination meetings. Held debates, used campaigns, communications. Introduced a	

<sup>13</sup> 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.	
<b>Tax Environment</b>	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.
<b>Monitoring and evaluating the tax</b>	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.
<b>Health Considerations</b>	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