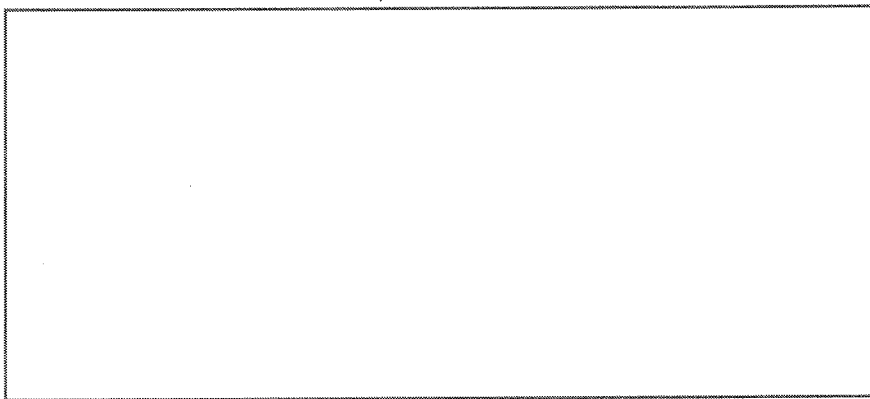




Department of Finance

Consultation on the VAT Treatment of Food Supplement Products

**Response by
New Vistas Healthcare Ltd.**



Introduction

Over the past three and a half decades consumers throughout the EU have used a variety of natural health products to maintain good health and to recover health in many cases. This practice continues to develop, and many people now use those products to limit and/or prevent the onset of disease. The variety and scope of products available has expanded as health outcomes became known to the public. Technology at a manufacturing level has also improved in scope and knowledge. The term **Food Supplement** became part of the health narrative as popularity of the concept grew. Food Supplements are derived from a range of source materials which include: Vitamins, Minerals, Amino Acids, Trace Elements, Herbs and Botanical Extracts, Fish Oils, Marine Algae preparations, Probiotics from live bacteria and/or yeasts, Casein from dairy production, Protein products from soy or pea, Glucosamine from bovine animal species and Cartilage from chicken or shark. Food Supplements come in a variety of presentations, such as tablets, capsules, liquids, tinctures, gels and sachets.

The **European Commission** recognised the level of public interest in Natural Health Products including Food Supplements and with a view to regulating this sector, The Commission introduced legislation, Dir 2002/46EC to give effect to orderly distribution whilst protecting public health and the safety of the citizens. The Directive has been in operation now for about 15 years and the sector has progressed satisfactorily in that time. Product quality has been enhanced, GMP has been expanded and more investment has been made in research and development in that time. This comes from greater certainty in the market which is reflected in investor confidence.

The company holds an MA (Manufacturing Authorisation) for the manufacture of homoeopathic medicinal products from HPRA (Health Products Regulatory Authority). The company also manufacture and supply Food Supplements using Vitamins, Minerals, Amino Acids, Botanical Extracts and Fish Oils.

Why Food Supplements

A view exists that if a person consumes a balanced diet, then they will receive all the nutrition they need. That may be true, if food sources were as nutritiously rich as they were 50 years ago. The fact is the bulk of raw food sources nowadays are depleted of high-quality nutrients. There is also a common concern for the levels of chemical exposure in modern food sources. This has been noted in the increased demand for organic farming in recent decades. Concerns are also raised in the production and storage of foods. High cooking temperatures and the addition of preservatives may degrade the quality of nutrients available. Foods are known for long shelf lives, but this limits the active nutrition available once consumed. Breakfast cereals, juices and other convenient foods are now marketed with "added nutrients" like calcium and Vitamin D. The problem this poses is, (1). if the nutrients are synthetic, will the body absorb them sufficiently and (2). why is there a need for additional nutrients in the first instance.

Historically, people ate foods which were seasonally available. The journey from the land to the plate was much shorter. There were fewer concerns about air miles and long-term storage. Over-farming is depleting the soil of Mother Nature's nutrition. If the land is not allowed to rest, vegetables planted within will not be as nutrient-rich. Eating habits have also been affected. Today's diets see less fresh fruit and vegetables, more non-essential or trans-fats and higher consumption levels of processed foods with added sugar and salt. The climate is also a concern, with recent droughts affecting food production. There simply isn't enough raw food materials for some countries. Populations are relying on the use of supplementation and other natural health therapies to complement or make up for the short-fall they are lacking from every-day eating.

In fact, trends show this type of 'convenience diet' is contributing to the growing obesity epidemic and the rise in diabetes levels. Additionally, low levels of antioxidants are also a factor in chronic disease today. Consumer practice over three decades have shown that people are aware of these facts and the market is more pro-active in both preventative and precautionary self-care.

Increasingly, the views of independent experts and scientific evidence supports the opinions and actions of the public. Scientific support is growing for the need to end total reliance on pharmaceutical solutions in the maintenance and restoration of health. The following are a small sample of this evidence;

- Mineral deficiencies result in the body becoming acidic which further incites the damaging effects of aging and diseases such as osteoporosis, kidney stones, gallstones, heart disease and cancers.¹
- Vitamin D intake has many health attributes including the maintenance of cognitive function and lowered risk of Alzheimer's disease.²
- Protection from AMD (age-related macular degeneration) is provided by supplements containing Omega 3 fatty acids, Vitamin D, lutein and zeaxanthin.³
- Omega 3 and 6 Fatty Acids, from fish oils (salmon, sardines, mackerel) or vegetable oils such as flax or flaxseed, maintain Telomere length. Telomeres are protective caps at the cell ends and science is showing how shortening Telomeres impact adversely on health and healthy aging.⁴
- Lysine, an Amino Acid, can be used to prevent and treat cold sores and mouth ulcers which are caused by the *herpes virus*.⁵

Sustainability

The ever-extending health budget in all Western countries mirrors the growth of what we recognise as *lifestyle health conditions*, or to express it another way, *lifestyle-related diseases*. Obesity and Type 2 Diabetes are of particular relevance, and as we have mentioned, both are closely linked. Furthermore, obesity is a causative factor for cancer and Alzheimer's. In the UK, current costs of obesity and diabetes is £10 Billion per annum. This figure is predicted to rise to £17 Billion.

Prof Jonathan Valabhji, National Clinical Director of NHS said 'we need to stem the tide, otherwise we could see a crisis and there is an issue of sustainability for the NHS if we do nothing differently'.⁶

In Ireland, the number of people with cancer may double by 2045 if current rates of diagnosis continue.⁷ That forecast alone would be sufficient reason to encourage and support personal responsibility through preventative health measures.

Conclusion

We share the views expressed in the UK that the current model of disease management is not sustainable. It is our opinion that as a starting point Integrative Medicine, (Conventional Medicine combined with Natural Health Therapies including the use of Food Supplements) can bring about better patient and health outcomes at lower costs to the taxpayer.

In those circumstances, we believe it would not be in the interests of patients and consumers, nor would it be in the long-term interests of taxpayers to add VAT to Food Supplements at the standard rate of 23%. - Option 1

However, we believe that taxation should be equitable with all citizens, who can afford to, paying a fair share. We recommend the lower rate of 9% on all Food Supplements. - Option 2 in the Consultation Document.

References.

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