

## **VIA ELECTRONIC SUBMISSION**

May 23, 2019

VAT on Food Supplement Products -- Public Consultation Tax Division Department of Finance Government Buildings Upper Merrion Street Dublin 2, Ireland D02 R583

Email: foodsuppl@finance.gov.ie

RE: Consultation on the VAT Treatment of Food Supplement Products; An Roinn Airgeadais; Department of Finance; Government of Ireland Dated: April 18, 2019.

The Council for Responsible Nutrition (CRN)<sup>1</sup> is the leading trade association representing dietary supplement and functional food manufacturers, marketers and ingredient suppliers. CRN companies produce a large portion of the functional food ingredients and dietary supplements marketed in the United States and globally.

CRN appreciates the opportunity to submit comments to the public consultation on the VAT Treatment of Food Supplement Products, dated April 18, 2019, and makes the following comments relevant to the pending issue.

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## **BACKGROUND**

As health spending continues to rise, governments are seeking policies that can begin to drive down health costs and improve population wellbeing. Current health spending in Western Europe was €1.4 trillion annually in 2015 and is estimated to rise by 4% to nearly €1.8 trillion a year by 2020². With the added health burden of an ageing population, these levels of spending could become unsustainable. Four in ten nutrition-related diseases are established before the age of 70 years while 30% of cancers and up to 80% of early deaths due to heart disease, stroke and type 2 diabetes are believed to be preventable³.

Despite gains in longevity, adults spend the last fifth of their lives with a disability or chronic illness<sup>4</sup>. Good nutrition is essential for the maintenance of normal health, and a significant part of this is ensuring that people consume the right amounts of vitamins, minerals, fibre and fatty acids. At the EU level, Nutrient Reference Values have been set by expert bodies, and most countries have published their own population recommendations. However, simply preventing deficiency does not deliver optimal health nor disease risk reduction. Instead, these enhanced states of wellness often require higher intakes of nutrients than can be achieved by the average person's diet, especially for vulnerable groups or those at greater risk of disease such as children, the elderly, smokers and those who are obese.

Dietary advice remains the central tenet of public health nutrition; in an ideal world, all nutritional requirements for health would be met by an adequate and varied diet. Yet, despite the consistent promotion of mainstream dietary advice, the reality is that millions of Europeans are falling short of recommendations for key nutrients, let alone the levels required for optimal nutritional status and health. Scientific evidence combined with economic impact studies reveal that topping up diets with

<sup>&</sup>lt;sup>2</sup> Deloitte (2016). World Industry Outlook; Healthcare and Pharmaceuticals. The Economic Intelligence Unit. <a href="https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html">https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html</a>. Accessed 2019-May-16.

<sup>&</sup>lt;sup>3</sup> WHO (2017). Global Strategy and Action Plan on Ageing and Health. Geneva; CH <a href="https://www.who.int/ageing/WHO-GSAP-2017.pdf">https://www.who.int/ageing/WHO-GSAP-2017.pdf</a>. Accessed 2019-May-16.

<sup>&</sup>lt;sup>4</sup> Office of National Statistics (2017). Health state life expectancies, UK: 2014 to 2016. https://www.ons.gov.uk/peoplepopulationandcommunity. Accessed 2019-May-16.

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supplemented nutrients not only prevents deficiency but could lead to significant health savings as a consequence of the beneficial impact on chronic disease risk<sup>5</sup>.

Supplementation is an effective way of bridging the gap between current status and optimal intakes. Indeed, this is already recognised for certain nutrients as illustrated by the example of vitamin D supplementation which is now broadly recommended across the European Union<sup>6</sup>.

## RECOMMENDATIONS AGAINST VAT TREATMENT OF FOOD SUPPLEMENT PRODUCTS

 Irish consumers are NOT getting appropriate nutrition (macro- and micro-nutrients) from their diets.

Recently in a detailed review on macronutrient and micronutrient intake, study authors found that in the 21 European countries studied (which included Ireland), "no country met more than 39% WHO Recommended Nutrient Intakes in all age/gender groups<sup>7</sup>". Among many age groups, there is a significant prevalence of inadequate intakes of vitamin A, Vitamin B2, Vitamin D, Calcium (in women), Folate, which is not being met by current nutritional intake<sup>8</sup>.

 Clinicians and policymakers should support a "food-first" approach to nutrition that also recognizes the role dietary supplements play in filling nutritional gaps.

While adequate nutrition can often be achieved through a healthy and balanced diet, there are cases in which food alone is not enough. Dietary supplements can also help certain individuals with specific deficiencies achieve optimal nutrition. Several recent publications, specifically from the World Health Organization, as well as from scientific symposia, address the role of adequate

<sup>&</sup>lt;sup>5</sup> How food supplements can help contribute to public health in Europe (2019). Food Supplements Europe. http://www.foodsupplementseurope.org/sites/0023/uploads/content/hccs-public-health-in-europe/fse-report-hccs-public-health-europe.pdf?1548938887. Accessed 2019-May-16.

<sup>&</sup>lt;sup>6</sup> Healthcare Cost Savings of Calcium and Vitamin D Food Supplements in the European Union (2017). http://www.foodsupplementseurope.org/sites/0023/uploads/content/hccs-calcium-vitamin-d/fse-report-calcium-vitamin-d-f.pdf?1486463764. Accessed 2019-May-16.

<sup>&</sup>lt;sup>7</sup> Rippin HL et al. (2017) Adult nutrient intakes from current national dietary surveys of European populations. 9(12). pii: E1288. doi: 10.3390/nu9121288. Accessed 2019-May-17.

<sup>&</sup>lt;sup>8</sup> Ireland National Adult Nutrition Survey (2011). <a href="https://irp-cdn.multiscreensite.com/46a7ad27/files/uploaded/The%20National%20Adult%20Nutrition%20Survey%20Summary%20Report%20March%202011.pdf">https://irp-cdn.multiscreensite.com/46a7ad27/files/uploaded/The%20National%20Adult%20Nutrition%20Survey%20Summary%20Report%20March%202011.pdf</a>. Accessed 2019-May-17.

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nutrition, irrespective of where or how it is achieved (diet alone, fortified and / or supplemented) in achieving optimal nutrition and progress toward more healthy ageing<sup>3,9,10</sup>.

 Health care providers should play an important role in helping patients fill nutritional gaps through dietary supplementation.

Since doctors, nutritionists and other specialists work closely with consumers and are seen as the authority on health, they have a significant role in helping patients find the appropriate nutritional approach. All avenues of nutritional support should be available to the consumer to meet recommendations from personal health care providers, as well as in concert with national public health policies. In the United States (and most likely similar in other countries), 97% of Registered Dietitians recommend supplements for bone health, to fill nutrition gaps, for overall health/wellness, to lower cholesterol and for heart health<sup>11</sup>. Further, the 2015 US Dietary Guidelines Advisory Committee identifies vitamin D, calcium, potassium, fibre and iron as nutrients of concern for under consumption<sup>12</sup>.

 Well-designed and compelling scientific studies should be conducted and their findings published to better elaborate the role that dietary supplements can play in supporting proper nutrition and overall health.

Industry is investing in building the scientific evidence base to reaffirm the nutritional benefits of dietary supplements. Beyond just filling known nutrient shortfalls, more and more research is aimed at delineating optimal health benefits that work to promote healthy ageing during the full life

<sup>&</sup>lt;sup>9</sup> Shao A, Drewnowski A, Willcox DC, Krämer L, Lausted C, Eggersdorfer M, Mathers J, Bell JD, Randolph RK, Witkamp R, Griffiths JC (2017). Optimal nutrition and the ever-changing dietary landscape: a conference report. Eur J Nutr 56:S1–S21. <a href="https://doi.org/10.1007/s00394-017-1460-9">https://doi.org/10.1007/s00394-017-1460-9</a>. Accessed 2019-May-16.

<sup>&</sup>lt;sup>10</sup> Marsman D, Belsky D, Gregori D, Johnson MA, Low Dog T, Meydani S, Pigat S, Sadana R, Shao A, Griffiths JC (2018). Healthy ageing: The natural consequences of good nutrition—a conference report. Eur J Nutr 57:S15–S34. <a href="https://doi.org/10.1007/s00394-018-1723-0">https://doi.org/10.1007/s00394-018-1723-0</a>. Accessed 2019-May-16.

<sup>&</sup>lt;sup>11</sup> Dickinson, Annette (2012). The Benefits of Nutritional Supplements - Fourth Edition. Council for Responsible Nutrition, <a href="http://www.crnusa.org/benefits/files/CRN-BenefitsofNutritionalSupplements-2012.pdf">http://www.crnusa.org/benefits/files/CRN-BenefitsofNutritionalSupplements-2012.pdf</a>. Accessed 2019-May-16.

<sup>&</sup>lt;sup>12</sup> 2015 Dietary Guidelines Advisory Committee Scientific Report (2015). <a href="http://health.gov/dietaryguidelines/2015-scientific-report/pdfs/scientific-report-of-the-2015-dietary-guidelines-advisory-committee.pdf">http://health.gov/dietaryguidelines/2015-scientific-report-of-the-2015-dietary-guidelines-advisory-committee.pdf</a>. Accessed 2019-May-16.

course, adding productive years and not just years to the overall lifespan. A review of several studies in the *Nutrition Journal* found that in bridging nutrient gaps, it is plausible that multivitamin and mineral supplements help prevent iron-deficiency anemia, neural tube defects, neurological damage in people age 50 years and older, and bone disease by supplementing the diet with iron, folic acid, vitamin B12, and vitamin D, respectively<sup>13</sup>.

 Providing consumers with accurate information about their supplements, so they can make informed decisions is the responsibility of dietary supplement manufacturers.

As more consumers globally are taking an active role in self-care, we must remain committed to ensuring those individuals have the information they need to use products safely and appropriately. Data from a number of sources indicate that an increasing percentage of consumers are taking food supplements at a higher and more sustained level than ever before, as consumers want to have a role in addressing their own health opportunities, often preventative and not reactive to an evident disease or disability. The prevalence of dietary supplement use has increased over time. Annual consumer usage surveys demonstrates an ever-increasing percentage of supplement users. The most recent 2018 CRN Consumer Survey data reports that 75% of Americans take dietary supplements every year<sup>14</sup>.

A competitive business environment is necessary to sustain investment in new ventures like the
development of dietary supplements. These investments, which result in tomorrow's healthy
advances, are more likely to be made in countries with innovation incentives and competitive tax
policies.

Patients and health care professionals from around the world will benefit from having new supplementation options, and the health care system in Ireland will benefit from having safe supplements to address nutritional gaps.

<sup>&</sup>lt;sup>13</sup> Ward, Elizabeth (2014). Addressing nutritional gaps with multivitamin and mineral supplements. Nutrition Journal, 13(1):72, <a href="https://nutritionj.biomedcentral.com/articles/10.1186/1475-2891-13-72">https://nutritionj.biomedcentral.com/articles/10.1186/1475-2891-13-72</a>. Accessed 2019-May-16

<sup>&</sup>lt;sup>14</sup> 2018 CRN Consumer Survey on Dietary Supplements (2019). <a href="https://www.crnusa.org/resources/2018-crn-consumer-survey-dietary-supplements">https://www.crnusa.org/resources/2018-crn-consumer-survey-dietary-supplements</a>, Accessed 2019-May-16.

 Adequate nutrition can be realized with judicious use of diet, fortification and supplementation, and all should be equally taxed (or not taxed) to give consumers an economically-level "playing field".

The proposed VAT treatment of food supplement products unfairly targets food supplements for VAT taxation, whilst leaving foods and fortified foods at "zero rated" for VAT purposes<sup>15</sup>, and therefore food supplements, a legally recognized portion of the foods category in Ireland, as the only nutrition avenue subjected to taxation. This is unjustified, and contrary to public health policies and does not provide access to all nutritional categories for Irish consumers.

 Consumer use of food supplements is a cost-effective way to achieve recommended intakes of essential nutrients.

According the European Food Safety Authority (EFSA) "Food supplements are intended to correct nutritional deficiencies, maintain an adequate intake of certain nutrients, or to support specific physiological functions<sup>16</sup>".

## **CONCLUSION**

Business as usual in nutrition is not working. Despite the best efforts of health educators, significant groups in the populations are either at risk of deficiency, or failing to achieve optimal nutrient intakes. This is having an impact on health outcomes, particularly for vulnerable groups of people, and those experiencing social deprivation who tend to have less healthy diets. Targeted use of food supplements is a cost-effective way to bridge the gap between dietary recommendations and current intakes. The benefits of supplementation can help to save lives and significantly reduce healthcare costs. The scientific evidence is in place – all that is now needed to leverage these benefits is the will of policy leaders to integrate this into policy

<sup>&</sup>lt;sup>15</sup> Consultation on the VAT Treatment of Food Supplement Products (2019). https://assets.gov.ie/8164/3c8515aed616430898ab847658420fab.pdf. Accessed 2019-May-16.

<sup>&</sup>lt;sup>16</sup> European Food Safety Authority (EFSA) (2019). Food supplements <a href="https://www.efsa.europa.eu/en/topics/topic/food-supplements">https://www.efsa.europa.eu/en/topics/topic/food-supplements</a>. Accessed 2019-May-17.

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CRN encourages the Irish Department of Finance to respectfully consider the public health ramifications from unfairly applying VAT taxation to food supplements contrary to what is in the best interest of the Irish consumer. Thank you for this opportunity to provide comments.

Respectfully submitted,				
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