



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

24th May 2019

Dear Sir/Madam,

Re: Consultation on the VAT Treatment of Food Supplement Products

Thank you for the opportunity to respond to the Public Consultation on the VAT Treatment of Food Supplement Products given that this impacts our business here in Ireland

The current situation in Ireland

The best way for individuals to meet their nutritional requirements is to eat a healthy balanced diet, consisting of a wide variety of foods, in the right proportions. The World Health Organisation recommends eating a minimum of 400g (5 portions) of fruit and vegetables every day. However, research shows that, on average, people are not managing to eat the recommended '5 a day' with the average intake of fruit and vegetables only being around 2 portions per day (192g).¹ Only 37% of people report that they consume at least 5 portions per day,² meaning the majority of people are not consuming the recommended levels, even though the information about the benefits of healthy eating is more substantial than ever. As a result of these dietary shortfalls, the population is at risk of dietary gaps, which food supplements can and do play an important role in helping to fill.

The National Adult Nutrition Survey (2008-2010), found inadequate intakes of the following nutrients in those aged 18-64:¹

- Vitamin A
- Calcium (in women)
- Vitamin D
- Iron (women of reproductive age)

Among adults aged 65 years and over, the survey found significant nutrient inadequacies for:

- Vitamin A
- Calcium
- Vitamin D
- Vitamin C
- Folate
- Vitamin B2

The benefit of taking an iron-containing supplement was shown in women aged 18-50 years, with the prevalence of inadequacy being much lower in these women (20%) than in women who did not take an iron supplement (80%)¹.

The elderly

The average life expectancy in Ireland is 78.4 years for men and 82.8 years for women, and is expected to keep rising.³ Although we are living longer we are spending more time at the end of our lives in failing health.⁴ The elderly are particularly vulnerable to poor nutrition as they may be less able to go out and buy fresh food, less able to cook for themselves and may have less money for food. Elderly people may also have a reduced appetite and the ability to absorb some nutrients can be affected by age.⁴ Partner this with the fact that consumption of fruit and vegetables at 5 or more portions per day in those aged 75 and older is only 25%,² the risk of nutrient deficiencies and impact to health is high. Food supplements can help to bridge this dietary gap, in a population where obtaining all their nutrient needs from diet alone is a challenge.

Children

Children can be fussy eaters, and therefore at risk of nutrient deficiencies. Almost a quarter (23%) of 1 year and about 10% of 2 and 3 year olds were found to have inadequate intakes of iron.⁵ Intakes of vitamin D were generally low, indicating that a significant proportion of children may be at risk of inadequate intakes of vitamin D, particularly in winter.⁵ Rickets (caused by vitamin D deficiency) was believed to be eradicated in Ireland, but cases have been reported due to poor vitamin D status.⁶ For both children and teenagers, mean intakes of fruit and vegetables were 200g/d of which almost half were made up of fruit juices.⁷ Only 10% of these population groups met the WHO guideline of 400g/d.⁷ This research shows that the majority of children could benefit from food supplements to support their growth at this important time in their lives.

Special diets

Veganism is growing in Ireland, as it is gaining in popularity worldwide.⁸ However, vegans and vegetarians can be at risk of vitamin B12 deficiency which is found naturally only in animal products.⁹ Vitamin B12 is crucial for normal red blood cell formation, which transports oxygen throughout the body.¹⁰ For vegans it can also be harder to get adequate amounts of iron, zinc and calcium. For people on restricted diets, it is important that they supplement their diet to help prevent vitamin deficiencies.

Long term costs

Public health care costs are rising annually, and with increasing life expectancies the levels of spending could become unsustainable. The need to focus on prevention of illness rather than cure is important to help reduce these costs and improve population wellbeing.

Scientific evidence combined with economic impact studies reveal that topping up diets with supplemented nutrients not only prevents deficiency but could lead to significant health savings as a consequence of the beneficial impact on chronic disease risk.¹¹ For example, analyses show a benefit/cost ratio of €3.47 of avoided costs for the treatment of fractures due to osteoporosis for each €1 spent on calcium and vitamin D supplements.¹¹ The use of food supplements can provide significant cost savings to the health care system and just need to be leveraged appropriately.

Impact of adding VAT to food supplements

The nutritional status of the population is currently far from optimal without any price increases on food supplements. Increasing the price of food supplements with the addition of VAT may make it difficult for consumers to afford them, particularly those with less income such as the elderly. As a result we may see fewer people buying food supplements, which could have a negative impact on the health and wellbeing of the Irish population.

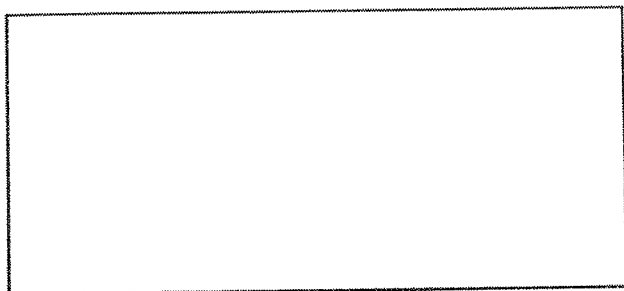
Conclusion

Ideally, for the reasons set out above, we would like to see the retention of the historic Zero Rate of VAT status on Food Supplements

If this is not feasible, our next preferred option of those outlined in the consultation paper is to apply the lowest possible Reduced VAT Rate to all Food Supplements.

We trust you will take this evidence into consideration as you make your decision and look forward to hearing from you in the future.

Yours sincerely,



References:

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6. Irish Osteoporosis Society: Rickets, children and the importance of vitamin D <https://www.irishosteoporosis.ie/rickets-children-and-the-importance-of-vitamin-d/> Accessed 18th May 2019
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8. <https://www.irishexaminer.com/breakingnews/business/veganism-in-vogue-as-irish-companies-embrace-trend-849459.html> Accessed 18th May 2019
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10. EFSA Scientific Opinion vitamin B12 <https://efsa.onlinelibrary.wiley.com/doi/abs/10.2903/j.efsa.2009.1223>
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