

## Submission from [REDACTED]

I would like to make a submission which whilst not being comprehensive in regard to the entirety of the subject, is intended to address some particular points which I feel may not be covered by other submissions.

Having worked with food supplements for 25 years I would have a particular insight into the history of their treatment for VAT purposes and therefore I am a very interested party in this matter.

My understanding of the situation would be entirely in line with [REDACTED]

[REDACTED] who has already made a submission to this process. Therefore my assertion would be that these products have never been treated as products which were liable to VAT for the vast majority of their presence in the Irish marketplace. I believe that [REDACTED] submission adequately demonstrates this and therefore I would assert that this is indeed the case.

Accepting this we must conclude that if any VAT is to be applied to a substantial amount of these products, that it is therefore a brand new tax and actually would deserve to have some impact assessment carried out, before it would be applied to a sector which is going to be very much affected by competitive influences which would follow on from such a new tax.

I can say this with some considerable certainty as I myself observed what happened when revenue applied 23% VAT to the sports supplement sector back in 2011. At that stage the sale of sports supplements was approximately 10% of my health store business. Following on from the application of VAT the sports sector of my business immediately began a decline from which it never recovered. Currently 'sports' sales would account for less than 1% of my total business. What happened from that point (2011) onward is that the consumer became hugely price conscious and began shopping online and in many cases **offshore** for their sports supplements.

As regards the fact that the business moved online you can say possibly this may have been a trend that was about to happen anyway. However we can certainly say that there was a sudden and massive upheaval within a sector which was not foreseen before the tax was applied. The application of VAT to sports supplements caused job losses I am sure within the retail sector, as there were many small shops who depended exclusively on these products for survival that were no longer viable in the years following on from this development.

Gaining taxation from the sector was a short-sighted view and with hindsight we can see that more was probably lost from the general Irish economy including employment, rates, rent, utilities etc than would have been gained by the taxation of the products. Also there was an encouragement for a black economy in such supplements with guys selling to teams from "the boot of the car" which of course would obviously lead to the possibility of products of a more dubious nature being offered also.

To impose taxation on consumers through the high street businesses who are fully compliant with their rates, rent, income tax and all of the other numerous overheads which are part and parcel of operating a long-term, bona fide business, is simply taking this same short-term view.

Every Health Store (who depend on sales of these products for their viability) is worth its weight in gold to an already struggling retail environment in the small towns of Ireland. Anything which hurts their viability hands a huge advantage to both the black and offshore operators. If any value is placed upon keeping our small towns alive and keeping Communities vibrant and healthy then imposing this new tax on people's efforts to maintain their health must be seen for what it is, an ill-considered reaction by our revenue commissioners to a situation which had become too complex for them to adequately deal with without legislation.

I would urge those who are considering the issue of taxation on these products to consider deeply what may be lost rather than what might be gained through the imposition of any taxation upon the efforts of people to maintain good health.

This of course would also lead to the question of what message is being sent to the population should we choose to tax food supplements. If we have a Sugar Tax to discourage the use of sugary drinks then we must recognise that taxation is used as a method of guiding health choices for people.

There would be an obvious contradiction being posed by the imposition of taxation upon the use of food supplements which people are utilising to strengthen their health. Even if the lesser rate of 13.5% is applied the blow is not softened as this rate of VAT is equally shared with confectionery and burgers.

Therefore I would urge the tax strategy group to give very serious consideration to the more subtle points of the discussion which whilst not being perhaps the most obvious issues are likely the more important ones in the long term.

