

**The Council for Responsible Nutrition UK's Response to
the Republic of Ireland Finance Department's Consultation on
the VAT Treatment of Food Supplement Products
24th May 2019**

Introduction

The Council for Responsible Nutrition UK (CRN UK) is a non-profit making trade association representing the food supplement industry in the UK. Food supplements include vitamins, minerals, botanicals and botanical extracts, cod liver and other fish oils and other bioactive nutrients. CRN UK's members are the leading manufacturers and suppliers of food supplements and their ingredients. They represent the majority of food supplements found in leading pharmacies and supermarkets in the UK, as well as those sold directly to consumers. In addition to operating in compliance with detailed national and EU law governing food supplements, CRN UK members all agree to abide by voluntary quality standards to ensure consumer safety and confidence.

A number of CRN UK's members market food supplements in the Republic of Ireland (ROI). CRN UK therefore thanks the Finance Department for providing the opportunity for comments to be made in response to its consultation on the VAT treatment of food supplement products in the ROI.

Options for the Future VAT Treatment of Food Supplement Products

CRN UK and its members have reviewed the proposed options for the future VAT treatment of food supplement products.

Although the consultation document indicates that there is no legal provision that would allow a zero rate to continue to be applied to food supplement products, it is unclear why this is the case. Food supplements are legally controlled as foods; they are not unhealthy foodstuffs designed to be eaten for pleasure; but rather, they provide a potential cost-saving to the ROI government in terms of the health benefits that they provide to consumers.

CRN UK's opinion, therefore, is that to enable the continuation of affordable health benefits for the Irish population, the only option is to retain a zero rate on all food supplements.

Rationale for the retention of zero rate VAT on food supplements

1. Role of food supplements

Food supplements are defined under Food Law as:

foodstuffs the purpose of which is to supplement the normal diet and which are concentrated sources of nutrients or other substances with a nutritional or physiological effect, alone or in combination, marketed in dose form, namely forms such as capsules, pastilles, tablets, pills and other similar forms, sachets of powder, ampoules of liquids, drop dispensing bottles, and other similar forms of liquids and powders designed to be taken in measured small unit quantities¹.



As can be seen from this legal definition, food supplements are not designed to be used as a replacement for nutrition contained in normal foods. Indeed, every food supplement product contains a statement to that effect. Instead, food supplements are designed to supplement a normal diet:

- Food supplements provide those nutrients that are required in greater quantities than the individual can obtain from their diet in order to maintain optimum health, which is particularly important at certain ages throughout life (as highlighted by many national dietary surveys);
- Food supplements help provide additional nutrients that may be more difficult to obtain from the normal diet, perhaps owing to specific food avoidance (for example, through individual dislike of particular food sources), or through reduced absorption owing to the natural ageing of the body. Consumers following specific dietary patterns, for reasons such as health, weight or personal convictions, can benefit greatly from the additional nutrients that food supplements provide.
- The ROI Department of Health makes recommendations for the use of certain food supplements by consumers, not to replace nutrients from their diets, but to supplement them.

2. Long term presence of food supplements

Food supplements have been on the market, supplementing normal diets, for many decades. As such, CRN UK does not understand why food supplements cannot simply be retained under the zero percent rate of VAT as per most other foodstuffs. As food supplements are foods, to the best of our understanding, this would not require any specific changes to ROI law.

3. Health of the nation

The health of the Irish population must be taken into consideration in any review that relates to their nutrition and which could have an adverse financial impact on consumers. According to the Healthy Ireland Survey 2017²:

- 63% of respondents do not consume five or more portions of fruit and vegetables a day.
- 18% of respondents do not consume any fruit or vegetables at all.
- 62% of those surveyed were overweight or obese.

Although everyone would agree that a varied and balanced diet is the best route for obtaining a wide range of nutrients, it is very clear from the above survey that a large proportion of the population is not regularly following such as diet.

Within the same survey, 84% of respondents described their health as good or very good. However, the results suggest differently, with the general health section of the report stating that:

- Overall, 30% of respondents had long standing illnesses, but this rose to 61% among those aged over 75 years.
- 11% of respondents had been admitted to hospital in the past 12 months.
- 39% of respondents had been prescribed antibiotics in the past 12 months.

Food Supplements Europe, an international non-profit alliance of food supplement trade

associations and companies, has published a number of documents that demonstrate the healthcare cost savings of food supplements³. The latest publication, 'How food supplements can help contribute to public health in Europe'⁴ summarises how enabling the use of food supplements can help reduce the long term healthcare costs of the nation.

4. Conclusion

- i. Food supplements are legally controlled as foodstuffs.
- ii. Food supplements are not designed as 'treats' or other pleasurable items to be consumed in excess, but have fixed daily intakes and provide nutrients that may not otherwise be sufficiently obtained from the diet.
- iii. Food supplements have been on the market for decades and have been zero-rated for decades.
- iv. By retaining a zero rate of VAT on food supplements, the ROI government can help ensure that food supplements are affordable for consumers, and can help improve the general health of the nation.

CRN UK is therefore of the opinion that retention of zero rate VAT on all food supplements is the best route forward.

References

1. Directive 2002/46/EC of the European Parliament and of the Council of 10 June 2002 on the approximation of the laws of the Member States relating to food supplements. OJ L 183, 12.7.2002, p. 51.
2. Healthy Ireland Survey 2017 Summary of Findings. Ipsos MRBI: http://health.gov.ie/wp-content/uploads/2017/10/16-048825-Healthy-Ireland-Survey-18-October_for-printing.pdf
3. Food Supplements Europe: <http://www.foodsupplementseurope.org/value-of-supplementation>
4. How food supplements can help contribute to public health in Europe. Food Supplements Europe, January 2019. <http://www.foodsupplementseurope.org/sites/0023/uploads/content/hccs-public-health-in-europe/fse-report-hccs-public-health-europe.pdf?1548938887>

