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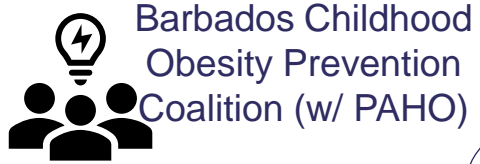
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Challenges and enablers in advancing taxation policies in the Caribbean

Miriam Alvarado, PhD
November 2, 2023

Agenda

1. The story of one health tax
2. A review of challenges and enablers along the way
3. Reflections



Barbados Childhood Obesity Prevention Coalition (w/ PAHO)



Media coverage



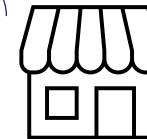
Tax announcement
April 2015



10% Tax implementation –
Sept 2015



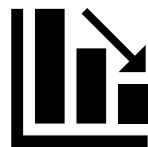
Tax collection



Retailers



2014 IMF Report



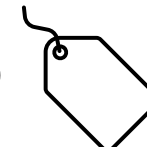
Evaluation of tax



Tax amendment



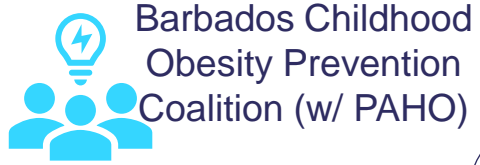
Sales decreases



Price increases



20% Tax implementation
April 2022



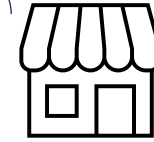
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Tax collection



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IMF Report



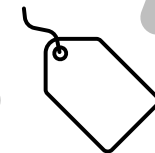
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Media coverage



20% Tax implementation

Challenge & Enabler #1: Tax addresses multiple goals

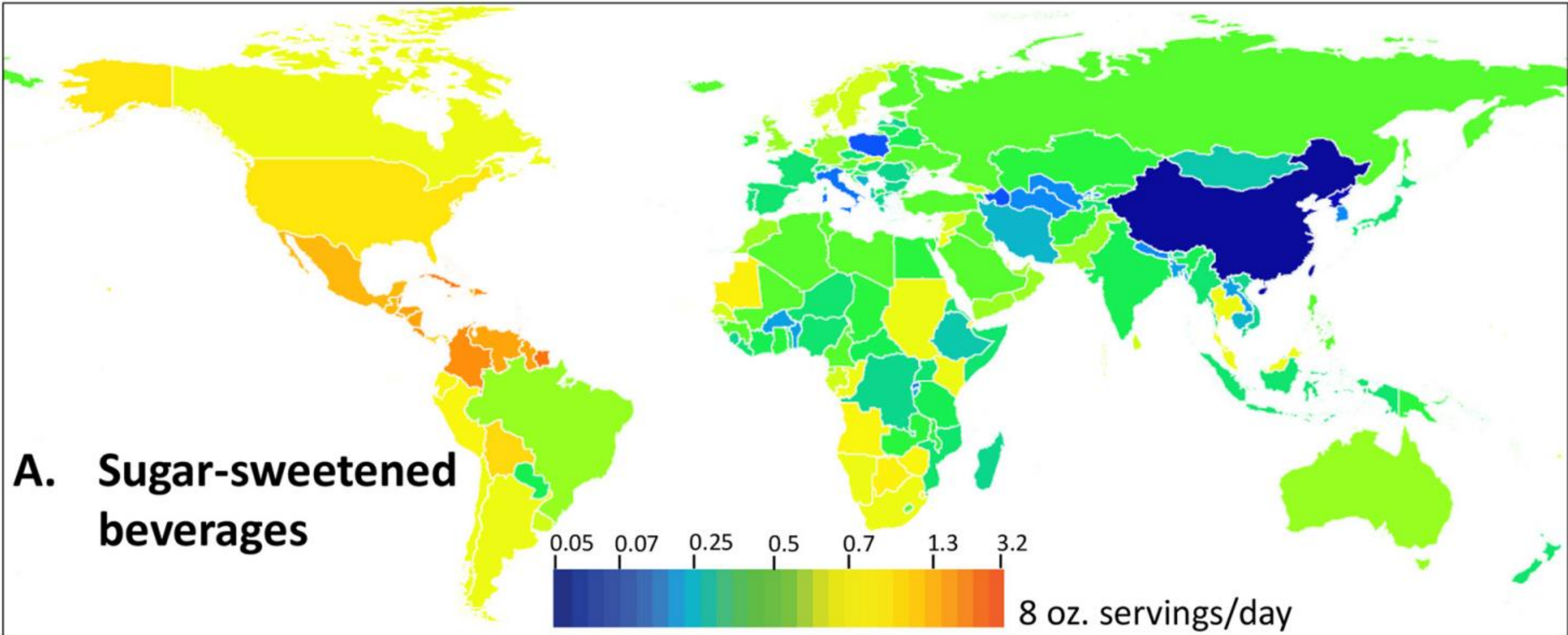
- Existing coalitions were advocating for an SSB tax for health reasons
- A nationally representative study demonstrated high levels of diabetes, hypertension, overweight and obesity



- In 2014, an IMF report recommended “an excise on carbonated soft drinks”

Recommendations	Revenue Impact in millions of BD\$\$ Increase (+) Decrease (-)
Chapter I: Value Added Tax	
<i>Short term</i> (next budget)	
Eliminate VAT zero-rating of food and consumer goods, converting any other items not taxed into VAT exempt items	170
Introduce a mobile airtime excise tax	(+)
Implement an excise on carbonated soft drinks	(+)
Raise all vehicle registration, license, inspection and other fees by 20 percent	12

Global levels of SSB consumption



(Singh et al. 2015)

B. Caloric Trends in Sales by Region, 2009-2014

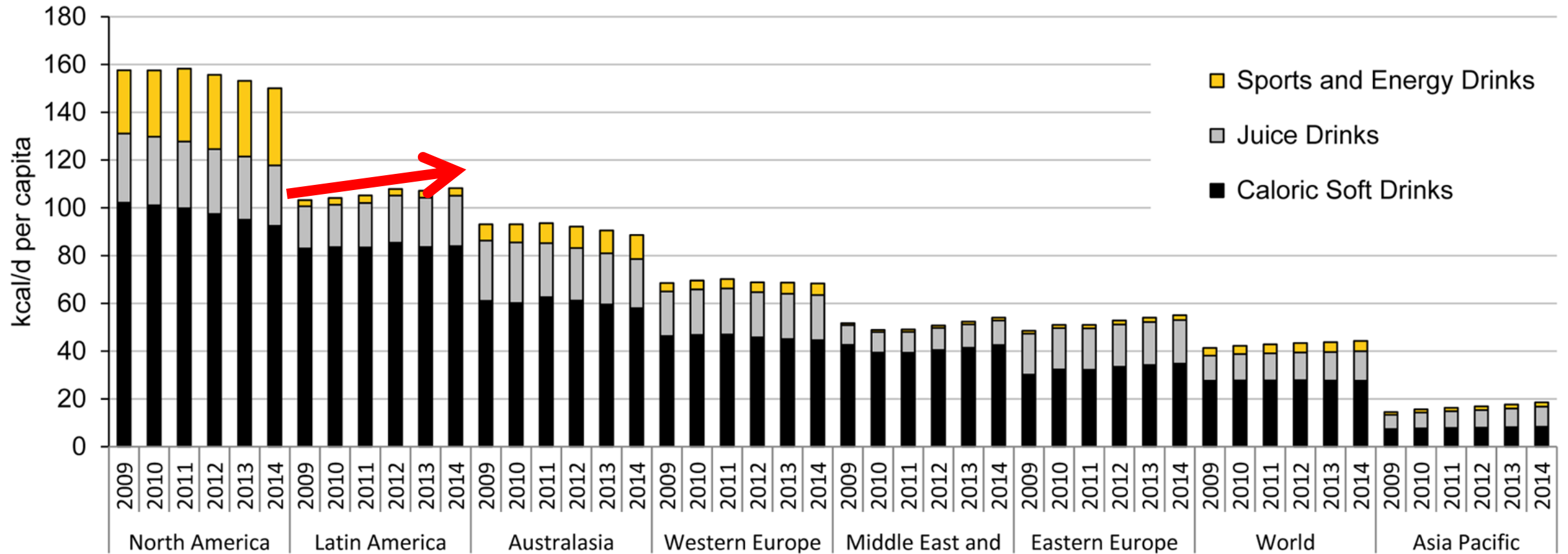


Figure 5.

Daily Calories Sold per Capita per Day from All Sugar-Sweetened Beverages

Source: Euromonitor Passport International with country-specific kcal data added (not for use or quotation). Only caloric beverages included)

Barbados Childhood Obesity Prevention Coalition (w/ PAHO)

Media coverage



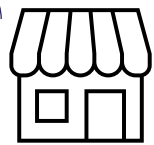
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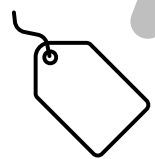
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Sales decreases



Price increases



Media coverage

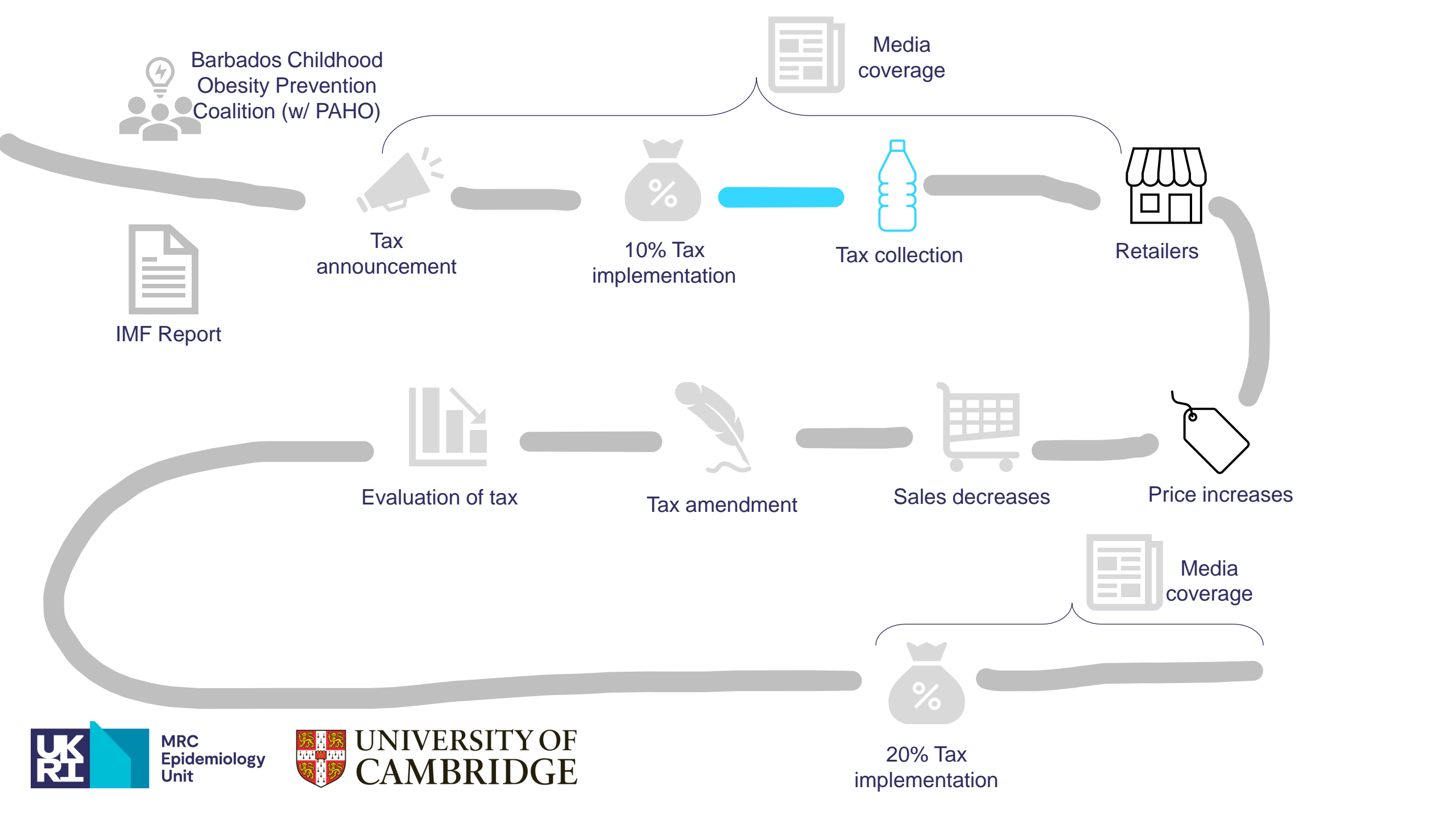


20% Tax implementation

Challenge & Enabler #2:

Public commitment vs. industry pushback

- When the 10% SSB tax was announced, only a small group within the government had been aware it was coming
- It was announced as part of the budget
- It took many (including industry) by surprise
- Although multinational SSB interests attempted to lobby the government to reverse the tax, the government was already publicly committed to the tax and stayed strong in this commitment - industry interests were not able to halt it



Barbados Childhood
Obesity Prevention
Coalition (w/ PAHO)

Media
coverage

Tax
announcement

10% Tax
implementation

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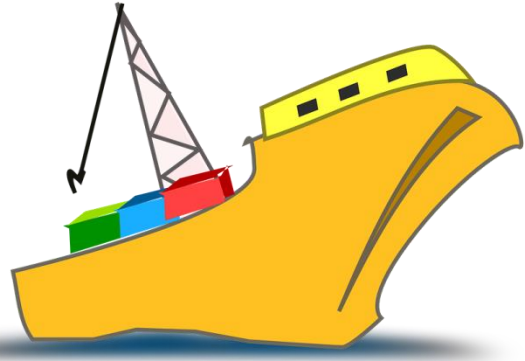
Sales decreases

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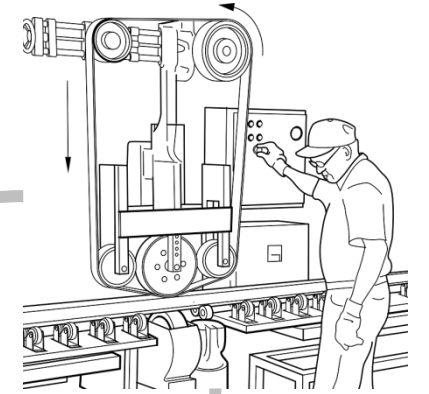
Media
coverage

20% Tax
implementation

Challenge & Enabler #3: Smaller tax base



10% ad valorem tax on
producer price



10% of
pre-VAT CIF



Customs &
Excise
Department



10% cost of
production

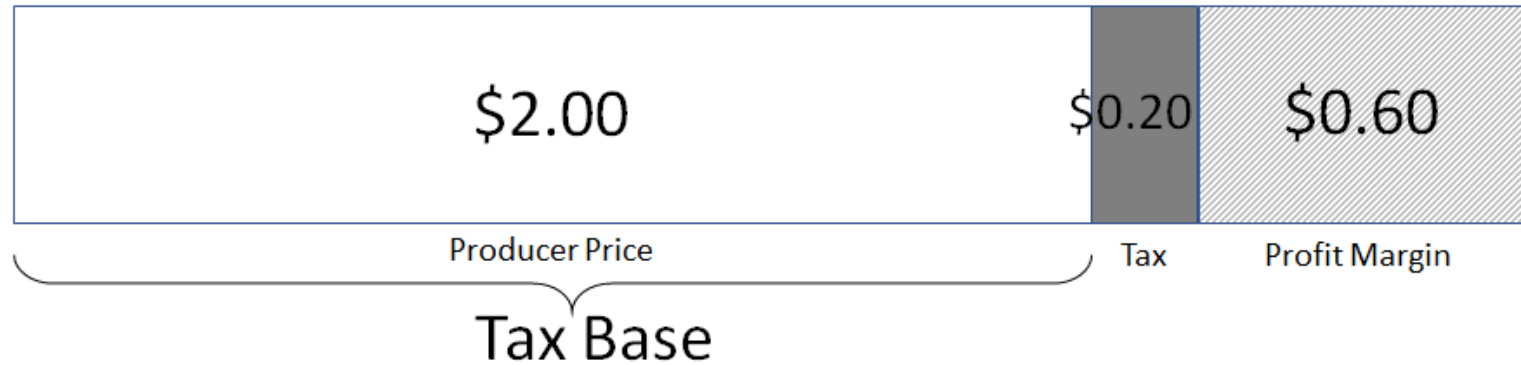


Barbados Revenue
Authority



Impact of Tax Base on Price Change

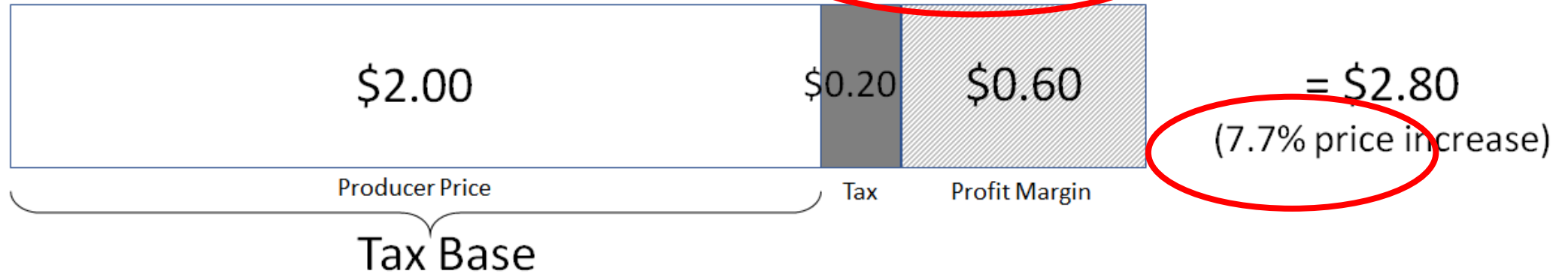
Country A: Ad valorem tax applied on *producer price*



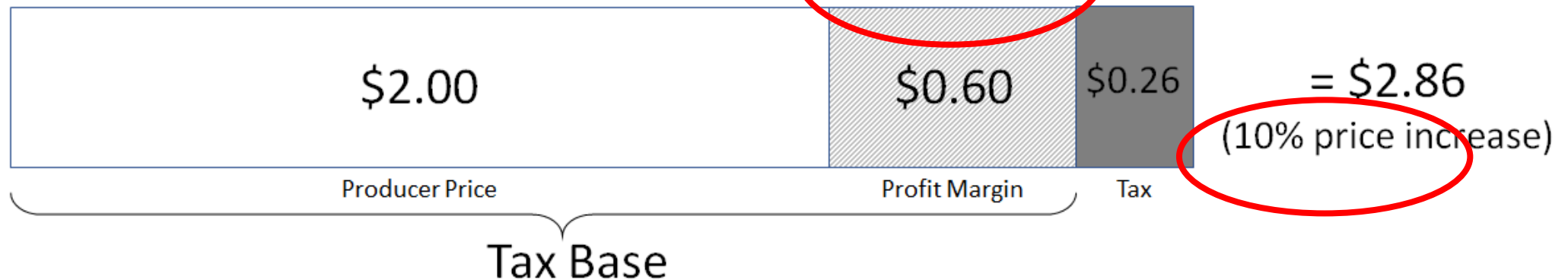
= \$2.80
(7.7% price increase)

Impact of Tax Base on Price Change

Country A: Ad valorem tax applied on **producer price**



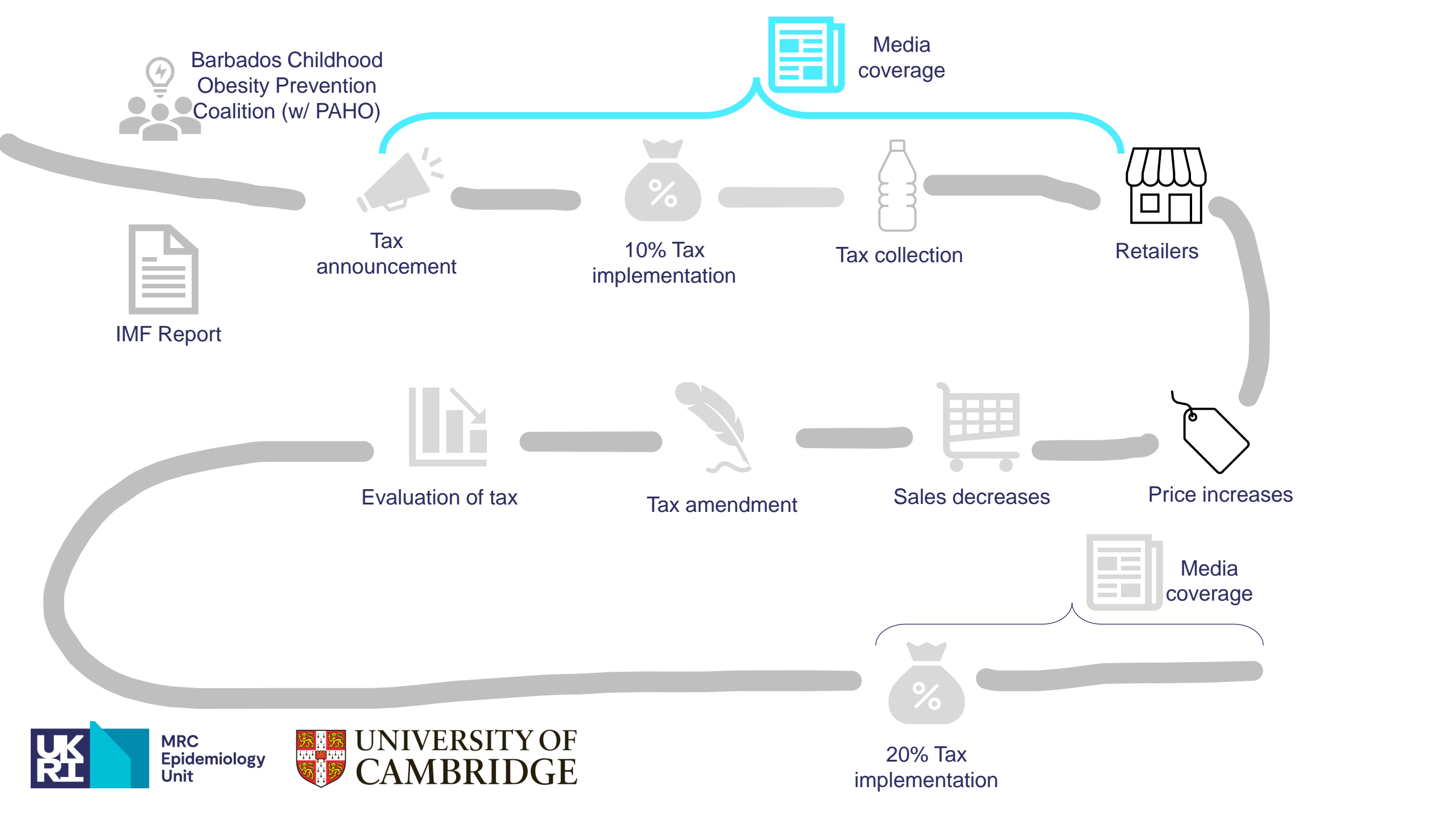
Country B: Ad valorem tax applied on **retail price**



Country applying excise taxes on SSBs	Applies on bottled water	Applies on powders, concentrates, or syrups ^e	Applies on energy drinks	Applies on sugar-sweetened milk drinks (harmonized tariff code: 040299) ^e	Ad valorem tax base for locally produced beverages
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Ad valorem excise tax structure

Argentina	Yes	Yes	Yes	...	Retail price excluding VAT
Barbados	No	Yes	Yes	Yes	Producer price
Brazil	No ^d	Yes	Yes	No	Producer price
Chile	No	Yes	Yes	No	Retail price excluding VAT
Nicaragua	Yes	Yes	Yes	...	Retail price
Panama	No	Yes	Yes	Yes	Retail price
Paraguay	No	No	Yes	No	Producer price
Peru	No	No	Yes	Yes	Retail price excluding VAT and excise
Saint Kitts and Nevis	No	No	Yes	No	Retail price excluding VAT
Saint Vincent and the Grenadines	No	No	Yes	Yes	Retail price excluding VAT



Challenge #4:

Media representation

- When the tax was announced and implemented, it was described as a tax on ‘sugar-sweetened beverages’
- But this isn’t a typically used term, and the meaning is confusing



NEWS SUGAR INDUSTRY 3 JUL 2015

Barbados – 10% tax on sugary beverages from 1 August 2015 [Registered]

Making the announcement while delivering the national budget, Minister of Finance Chris Sinckler, also listed those “Beverages containing

Many were unsure if
juice drinks were taxed:

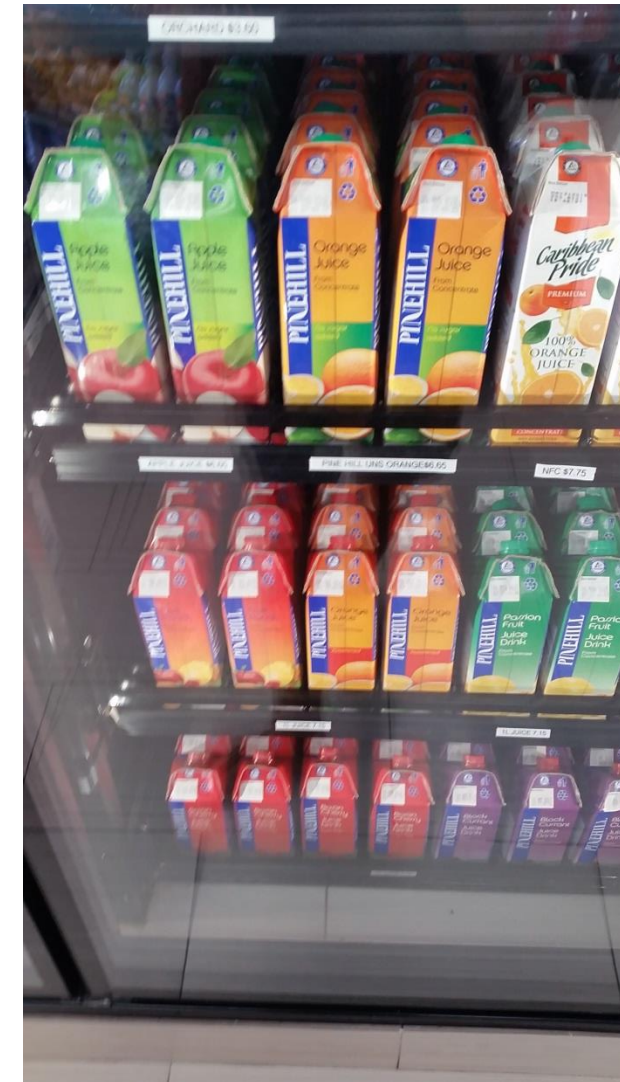
*I'm not sure if [the tax] went on juices as well.
(Male, late teens)*

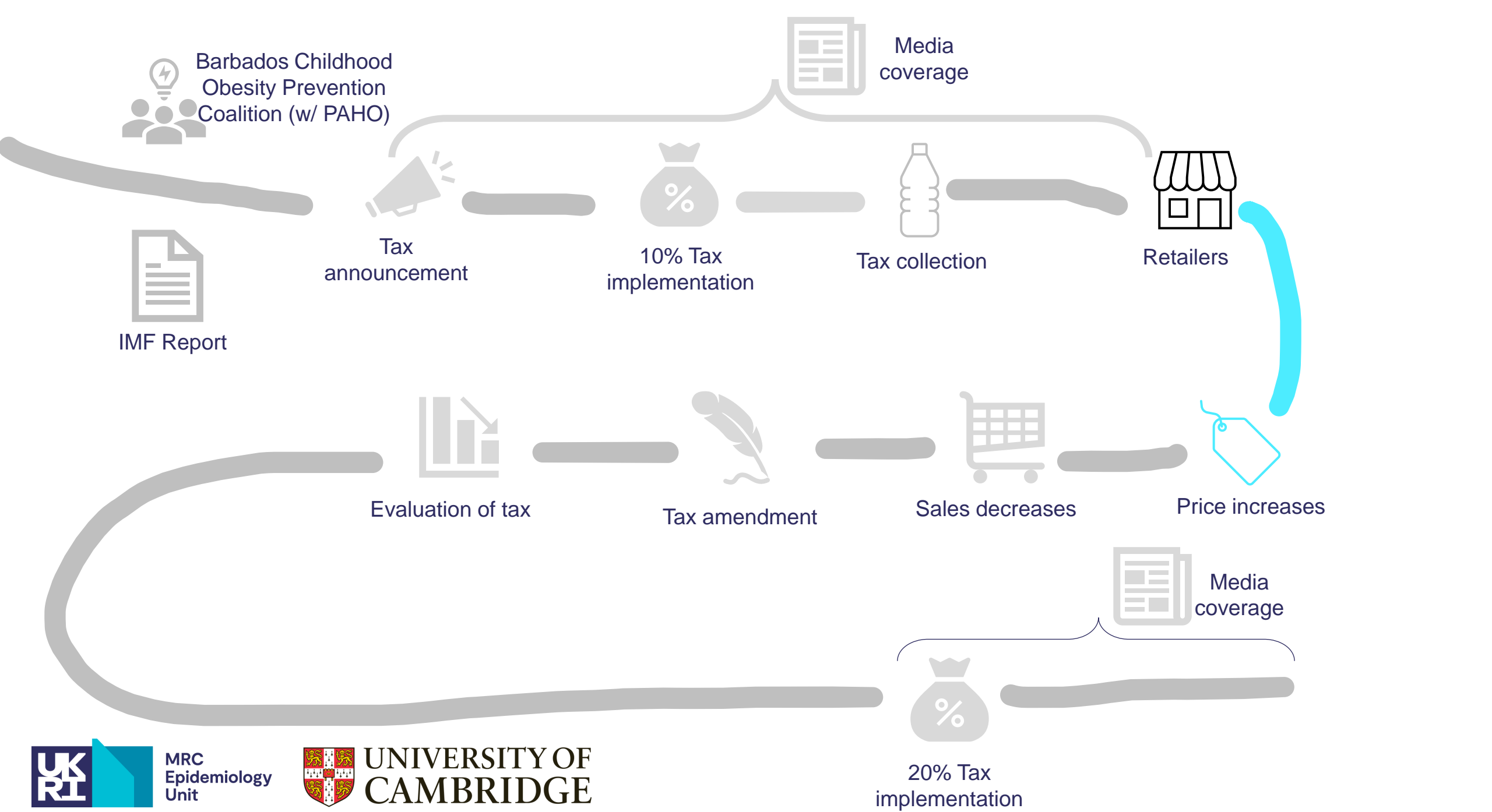




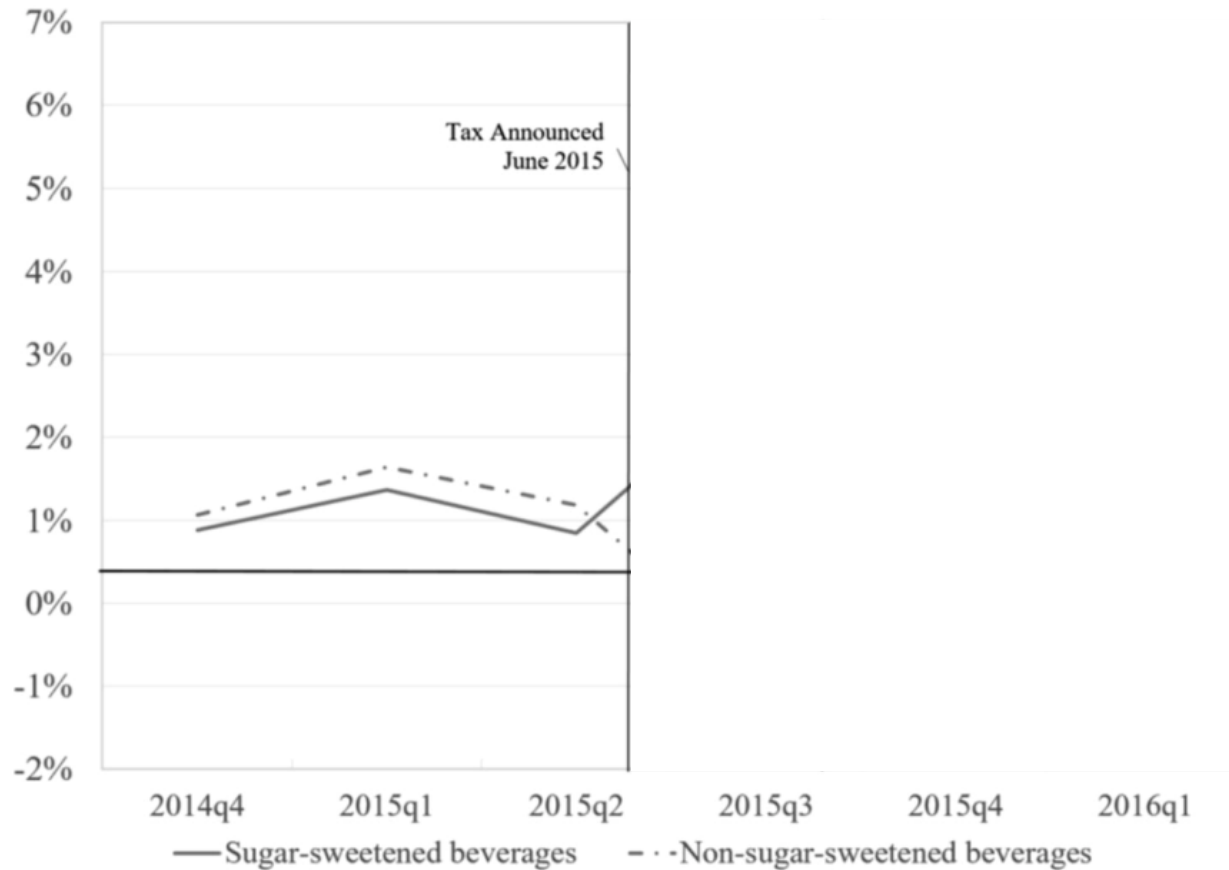
“...when you think of the tax,
you’re going to think soft drink,
but you’re not going to think of
the Pine Hill Dairy juices that you’ve
been buying your kids [...]”

(Female, early 40s)





Price Change Results



SSB prices increased by average

5.9%



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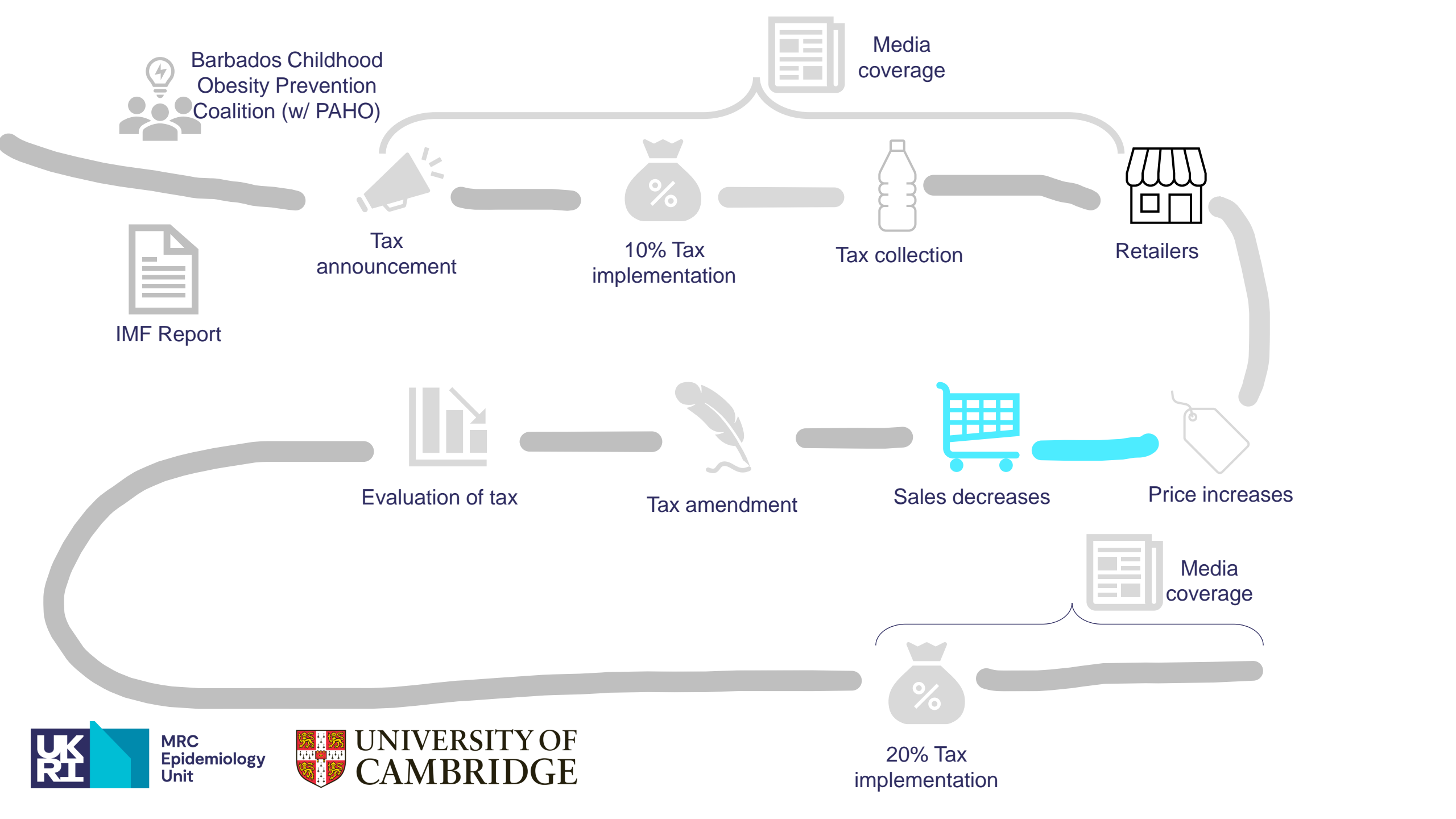


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Challenge #5: Prices labelled in most stores but not all





Sales Change Results

	Overall Average				Final Week of Study			
	Absolute (mL/capita)		Relative (%)		Absolute (mL/capita)		Relative (%)	
	Est	CI	Est	CI	Est	CI	Est	CI
SSBs	-8.6	-10.0 to -7.3	-4.3	-4.9 to -3.6	-10.4	-26.8 to 6.0	-5.9	-15.5 to 3.7
Carbonated SSBs	-4.5	-5.4 to -3.6	-3.6	-4.4 to -2.9	-15.6	-26.8 to -4.5	-15.5	-27.4 to -3.7
Other Sweetened	-4.1	-4.6 to -3.6	-5.1	-5.8 to -4.5	4.1	-2.2 to 10.5	5.1	-2.6 to 12.8
Non-SSBs	6.1	5.3 to 6.8	5.2	4.5 to 5.9	5.4	-3.8 to 14.6	3.8	-2.7 to 10.2
Water	4.9	4.3 to 5.5	7.5	6.5 to 8.3	8.1	1.1 to 15.0	9.1	1.5 to 16.8
Other Unsweetened	1.3	1.0 to 1.6	2.4	1.9 to 3.1	-2.3	-5.9 to 1.3	-4.3	-11.1 to 2.5

Evidence of brand down-switching?

(i.e. when consumers switch from a more expensive brand to a cheaper one)

1st

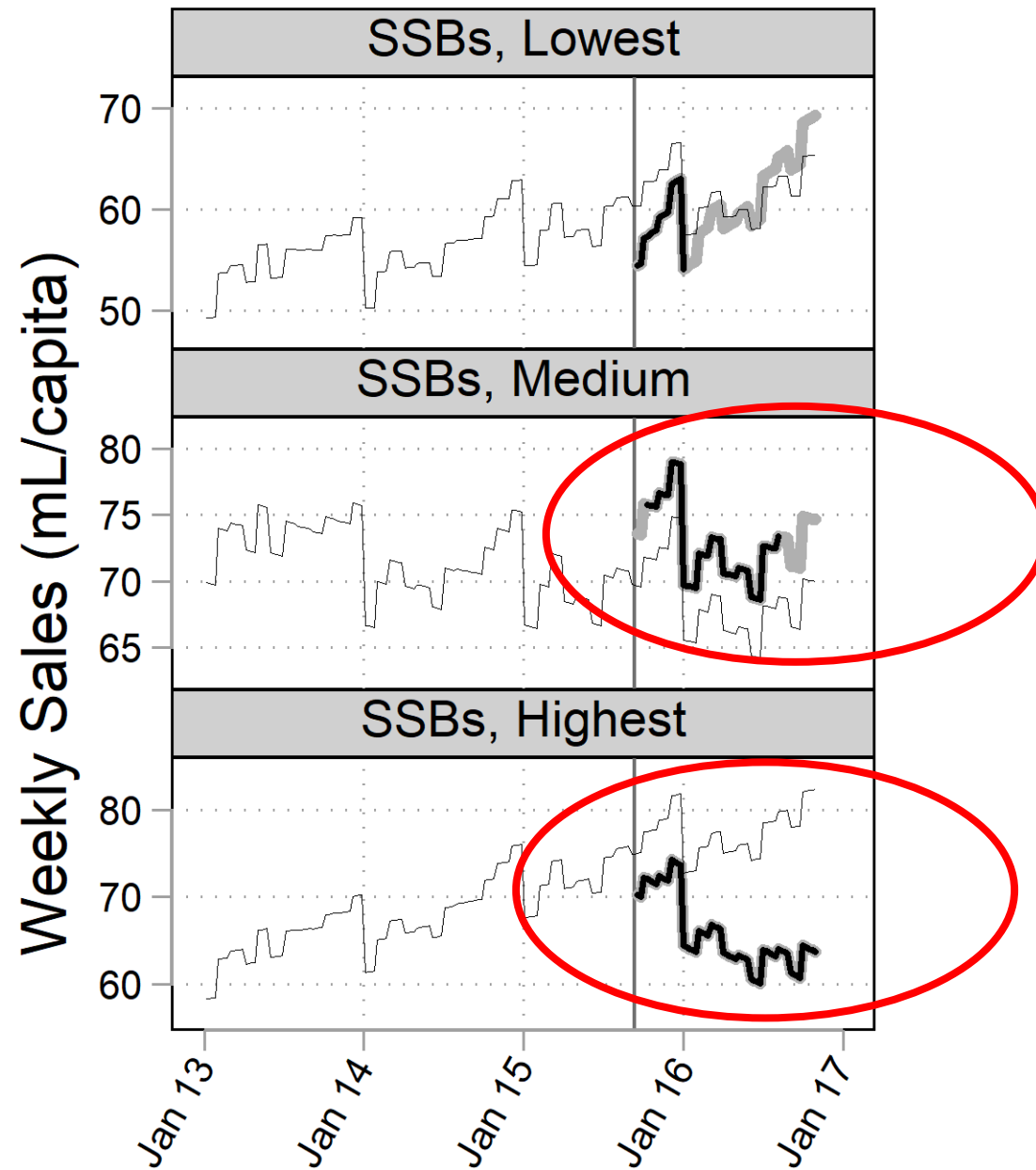


2nd



3rd



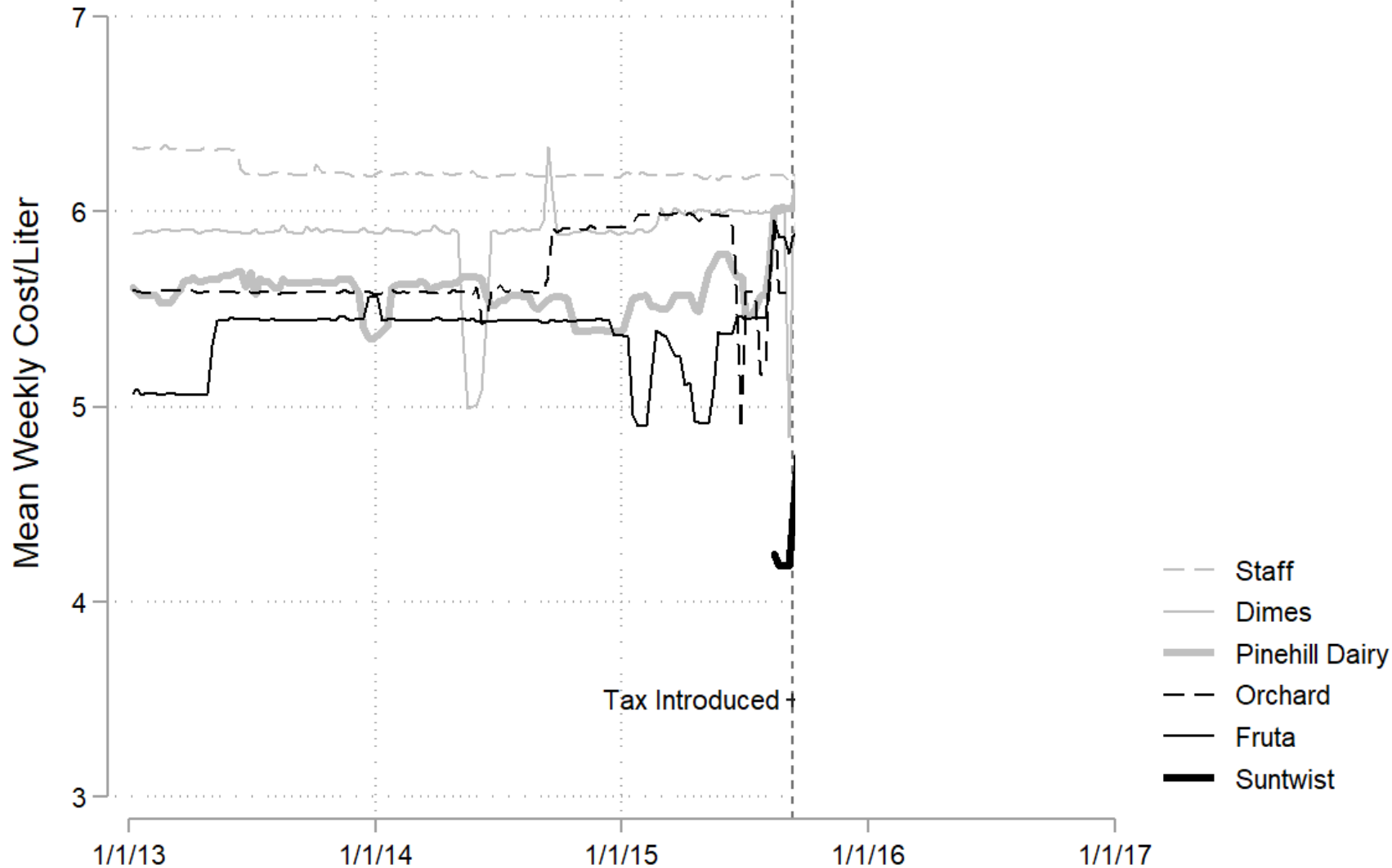


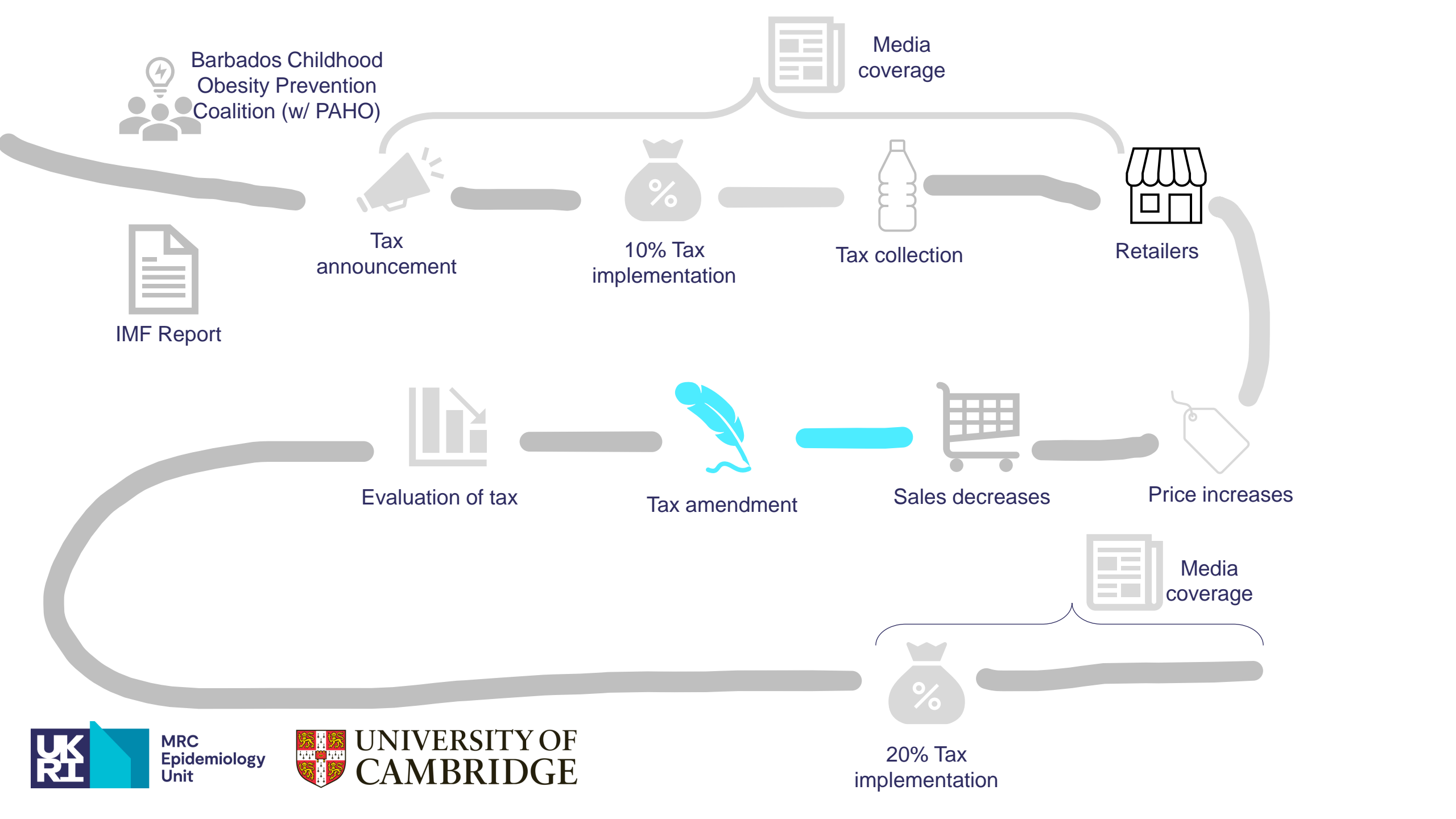
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Challenge #6: Introducing new low-cost SSBs





Taxed



Untaxed



Enabler #7: Amendment introduced

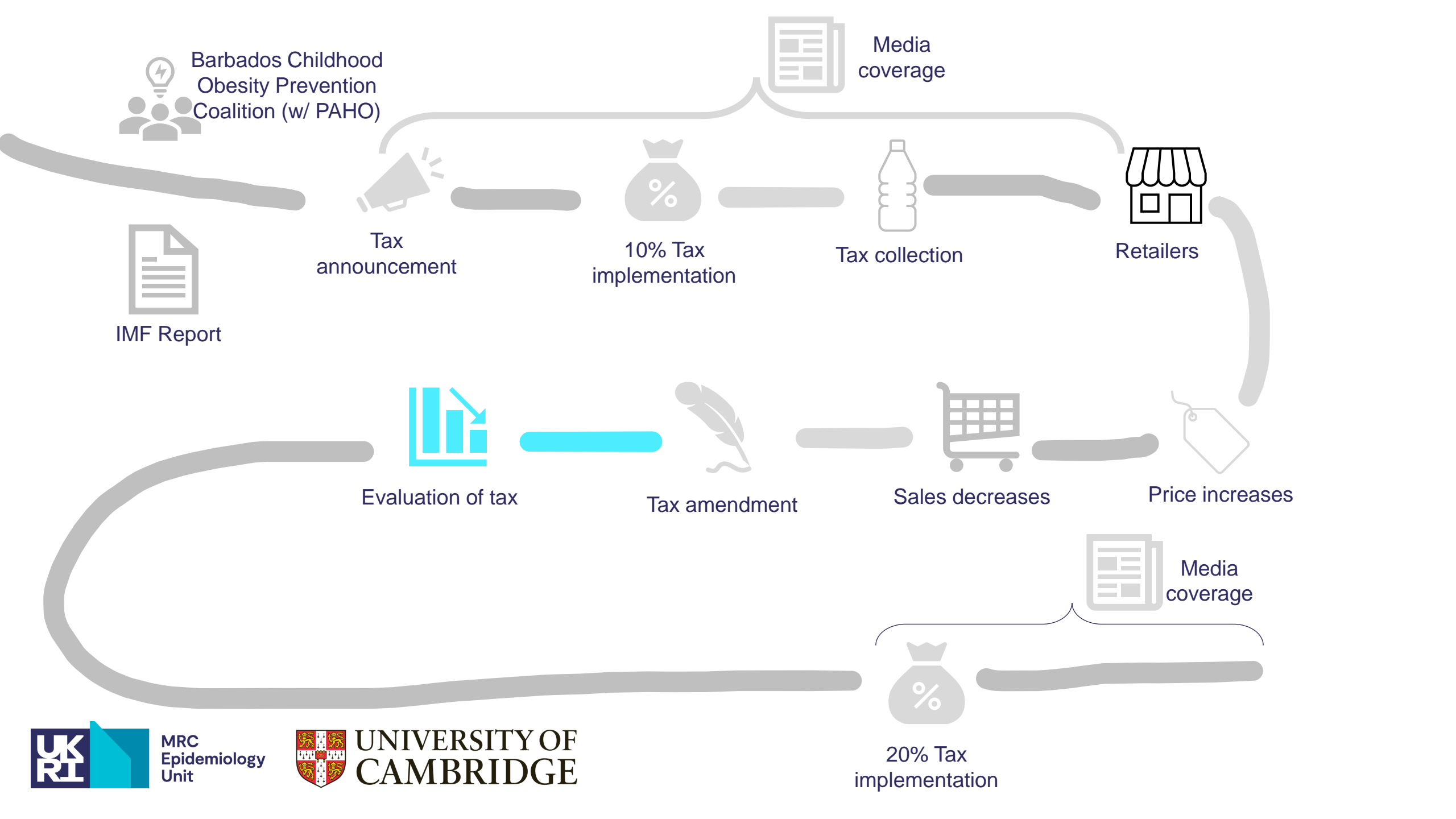
S.I. 2017 No.

Excise Tax Act
Act 2015-32

EXCISE TAX (AMENDMENT) (NO.) REGULATIONS, 2017

21.06	Food preparations not elsewhere specified or included	
2106.90.10	Mauby Syrup	10%
2106.90.20	Other flavoured or coloured sugar syrups	10%
22.02	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09	
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured:	10%
2202.10.10	Aerated beverages	10%
2202.10.90	Other	10%
2202.90.00	Other	10%





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Enabler #8:

Evaluation exists to protect tax


- “This policy which is expected to generate in excess of \$10 million in revenue this fiscal year will be reviewed in two years time to determine how effective it has been in shifting the behaviours of both producers, importers and consumers as whether it should be extending or intensified.” – 2015 Budget Speech

RESEARCH

Open Access

Assessing the impact of the Barbados sugar-sweetened beverage tax on beverage sales: an observational study



Miriam Alvarado^{1*} , Nigel Unwin¹, Stephen J. Sharp¹, Ian Hambleton², Madhuvanti M. Murphy³, T. Alafia Samuels², Marc Suhrcke⁴ and Jean Adams¹



**We congratulate our
Prime Minister and the
Parliament of Barbados
for putting the health of
Barbadians first.**

**Full support for a 20% tax
on sugar sweetened
beverages in the fight
against NCDs.**

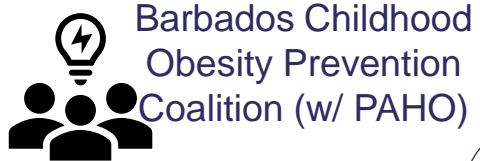
**Implementation date:
April 1st 2022.**



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Barbados Childhood Obesity Prevention Coalition (w/ PAHO)



Media coverage



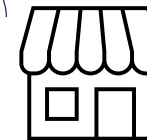
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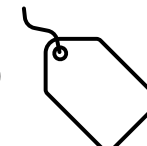
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20% Tax implementation
April 2022

Acknowledgements

- Many thanks to the Barbados SSB Tax Evaluation Steering Group, members of the public, Jean Adams, Martin White, Nigel Unwin, Tarra Penney, the GFSP, Lauren White, Madhuvanti Murphy, Chloe Clifford Astbury, Hannah Forde, the DPH and PHI groups, David Ogilvie, Louise Foley, Judith Green, CEDAR, the Wellcome Trust and the Sir George-Alleyne Chronic Disease Research Centre.
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