

**Public Consultation on the VAT Treatment of Food Supplement Products, May 2019**

In response on the Public Consultation on the VAT Treatment of Food Supplement Products, the Irish Pharmaceutical Healthcare Association (IPHA) is respectfully submitting relevant considerations and suggestions on VAT treatment options described in the Public Consultation guidance published on April 18, 2019.

Within IPHA, we recognise the importance of this consultation as it will feed into the review undertaken by the Tax Strategy Group in preparation of the Country Budget 2020 and appreciate the invitation to provide our opinions.

The Irish Pharmaceutical Healthcare Association, which is committed to self-care and believes in consumers living and proactively pursuing healthy active lives, considers relevant to bring to your attention the following facts and scientific evidence:

1. About dietary habits in Ireland & EU
	1. Average intake of Fruits and Vegetables in Ireland is 192g per day, which is significantly lower than the World Health Organisation recommendation of 400g per day. (Ireland -National Adult Nutrition Survey 2011)
	2. 27% of Irish eat the minimum recommended guideline of 5 portions of fruit and vegetables daily. (Healthy Ireland Survey 2016)
	3. 26% of Irish population don’t eat breakfast every day, while 4% never eat breakfast (Healthy Ireland Survey 2016)
	4. A review of 21 European countries found that none of the countries met more than 40% of the recommendations for macro or micronutrients. (Rippin HL et al. 2017 Adult nutrient intakes from current national dietary surveys of European populations)
	5. Three in five (60%) Irish eat snacks every day with most of these (42% of the population) eating 6 or more portions daily. (Healthy Ireland Survey 2016)
	6. Health and Nutrition is just 36% of the “Food Motives” by the Adult individuals in Ireland (Ireland -National Adult Nutrition Survey 2011)
2. Specific nutrition deficiencies in Ireland
3. Among 18-64 year olds, there is a significant prevalence of inadequate intakes of vitamin A and Calcium (in women) and a substantial proportion of the population had low vitamin D intakes. *(Ireland -National Adult Nutrition Survey 2011)*
4. Among adults aged 65 years and over, in addition to low intakes of vitamin D, there was a significant prevalence of inadequate intakes of vitamin A, Calcium, vitamin C, folate (vit B) and vitamin B2. *(Ireland -National Adult Nutrition Survey 2011)*
5. Average vitamin D intake in adults (mcg/day) in Ireland compared with DRVs and intakes set for EU authorised health claims is significantly below the DRV’s. *(Spiro A, Buttriss JL 2014 Vitamin D. An overview of vitamin D status and intake in Europe)*
6. In relation to the role of Vitamins, Minerals and other Supplementations in Healthy Ageing:
	1. 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 preventable *(WHO -2017: Global strategy and action plan on ageing and health. Geneva: WHO).*
	2. Inadequate vitamin B intakes have been linked with higher blood levels of homocysteine, a risk factor in the development of CVD. Research suggests that B vitamins can also support optimal cognitive function in older people (*Ruxton CHS et al. (2016) Role of fatty acids and micronutrients in healthy ageing)*
	3. Low levels of calcium, magnesium and vitamin D in the body increase the risk of bone diseases, such as osteoporosis and osteomalacia *.Sahota O et al. (2006) Vitamin D insufficiency and the blunted PTH response in established osteoporosis: the role of magnesium deficiency*
	4. Other Food Supplements containing so-called Probiotics and Amino acids can help reduce symptoms of certain digestive disorders and help boost immune system (Recent Trends in the Prevalence of Crohn’s Disease and Ulcerative Colitis in a Commercially Insured US Population)
7. Special Diets and Other Supplementation trends
8. Veganism is growing in Ireland, as it is gaining in popularity worldwide not only due to concerns over animal welfare but also motivated by the negative environmental impact of meat production. (https://www.irishexaminer.com/breakingnews/business/veganism-in-vogue-as-irish-companies-embrace-trend-849459.html Accessed 18th May 2019)
9. Vegans and vegetarians can be at risk of vitamin B12 deficiency which is found naturally only in animal products. (NHS - the vegan diet https://www.nhs.uk/live-well/eat-well/the-vegan-diet/)
10. Retail Prices and their effects in Consumption and Confidence
11. During last quarter there is a Retail Sales downtrend whereas YOY Inflation is spiking up to 1,7%, the highest in last 5 years (Tradingeconomics.com / KBC Bank Ireland)
12. Food inflation is currently close to zero (-0.1%) in April 2019, however it was below -2% six months ago. (Tradingeconomics.com / KBC Bank Ireland)
13. Consumer Confidence at the lowest level of last 3 years, at 87 index. Brexit and inflationary issues driving the results. (Tradingeconomics.com / KBC Bank Ireland)
14. According some IPHA company members, the Food Supplement category is constantly offering temporary price reductions that contribute to increase consumption and access to population whereas helping to offset any inflation on other foods.

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”*. In some cases, the supplementation of DRV’s from Food Supplements are equal or superior than products classified as Fortified Food, so their contribution cannot be disregarded.

In the ideal world, all dietary requirements should be met by an adequate and varied diet, but in the reality millions of Europeans, including Irish individuals, are not achieving DRVs, thus the levels required for optimal nutritional status and health.

A cost-effective way of helping individuals to achieve recommended intakes is topping up diets with supplemented nutrients, not only to prevent deficiencies and help enhancing overall health, but also it leads to significant Healthcare system savings as consequence of the beneficial impact on many diseases, from minor and seasonal to chronic and life-threatening affections.

Ideally, and based on the concerning information cited above, the recommendation should be to retain the historic Zero Vat status on Food Supplements. If the Tax Division of the DoF still consider not feasible to apply zero rate due to derogation of Article 110, the Irish Pharmaceutical Healthcare Association recommendation is to apply a Reduced VAT rate of 9% to all Food Supplements products, specifically the Option 2 according the Consultation Guidance

With this VAT rate, Government and Industry can achieve:

1. Compliance of the EU VAT directive.
2. Less inflationary impact. The highest VAT of +23% will trigger less frequent or no supplementation of required nutrients to close the gap between dietary recommendations and current intake values. This is extremely relevant for specific groups of people (children, elderly), and for most of the population with irregular healthy diet habits as described above.
3. To avoid increase significantly Healthcare System costs. If Ireland steps back on dietary gaps and nutrient deficiency indicators the mid-long term consequence might be reflected on increasing costs upon public health system and the deterioration of the quality of life of the Irish population.
4. The correct access and supply of Food Supplements to the market knowing the impact on health outcomes. Higher VAT may affect the offer, variety and quality of some products currently available in the Irish market.
5. All Food Supplements will be treated the same way, allowing better clarity in the industry and simplicity on implementation from the Government

Being Health and Safety the guiding lights within IPHA, the recommendation proposed will set better regulation principles for the Food Supplement products whereas continue contributing on health and wellbeing of the Irish population to prevent and decrease the likelihood of diseases.