

A close-up photograph of numerous white sugar cubes, some in sharp focus and others blurred in the background, creating a textured, crystalline appearance. The lighting is bright, highlighting the facets of the sugar.

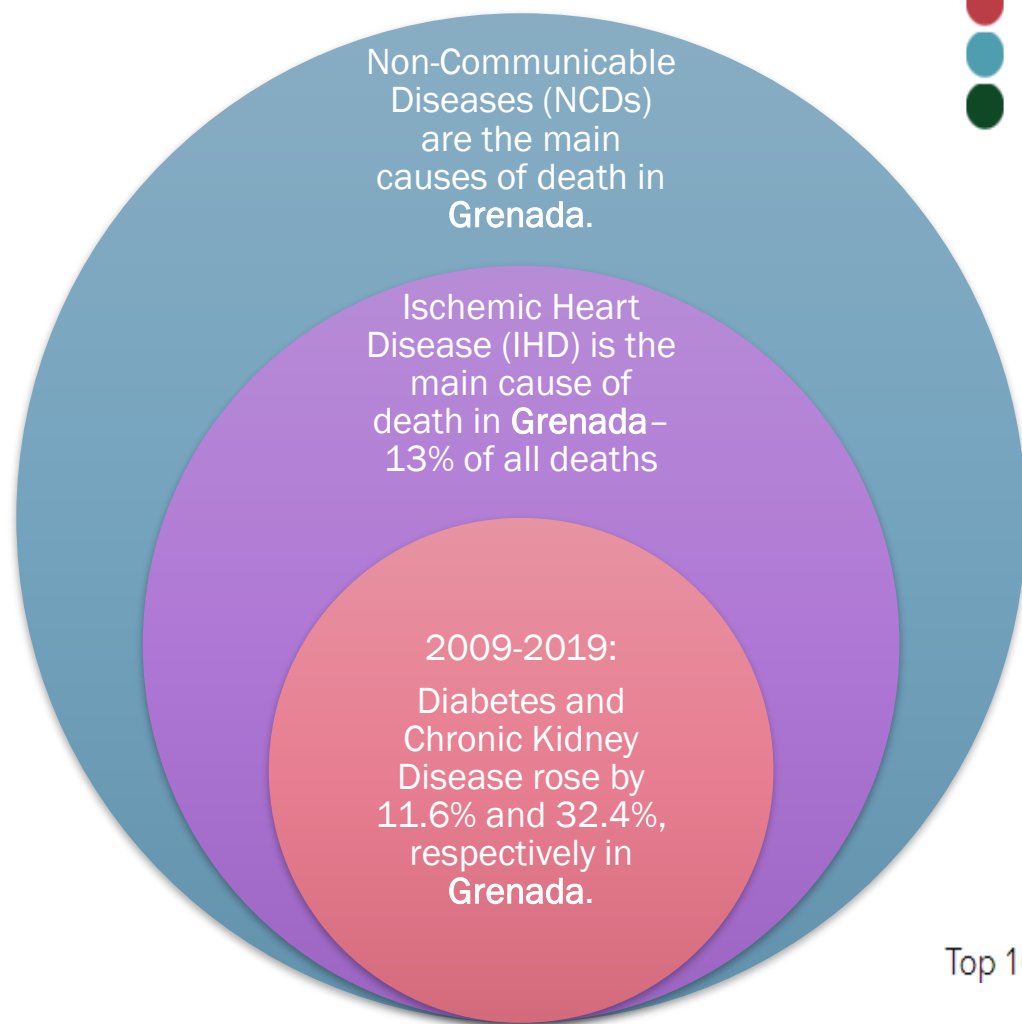
SWEETENED BEVERAGES TAX

Ministry of Finance

March 2023

Did you know?

What are the top 10 Causes of Death in Grenada?



- Communicable, maternal, neonatal, and nutritional diseases
- Non-communicable diseases
- Injuries

| | 2009 | 2019 | | % change, 2009-2019 |
|----------------------------|------|------|----------------------------|---------------------|
| Ischemic heart disease | 1 | 1 | Ischemic heart disease | 12.3% |
| Stroke | 2 | 2 | Stroke | 9.7% |
| Diabetes | 3 | 3 | Diabetes | 11.6% |
| Lower respiratory infect | 4 | 4 | Chronic kidney disease | 32.4% |
| Chronic kidney disease | 5 | 5 | Lower respiratory infect | 1.9% |
| Prostate cancer | 6 | 6 | Prostate cancer | 27.4% |
| Hypertensive heart disease | 7 | 7 | Hypertensive heart disease | 21.0% |
| Alzheimer's disease | 8 | 8 | Colorectal cancer | 38.6% |
| Cirrhosis | 9 | 9 | Cirrhosis | 21.9% |
| Colorectal cancer | 10 | 10 | Breast cancer | 25.6% |
| Breast cancer | 11 | 11 | Alzheimer's disease | 5.9% |

Top 10 causes of total number of deaths in 2019 and percent change 2009-2019, all ages combined



Did you Know?



74% of all deaths worldwide are due to NCDs.



77% of these deaths occur in **low-middle-income countries**.



Cardiovascular diseases kill 17.9 million people annually.



Cancer kills 9.3 million people annually.



Diabetes kills 2.0 million people annually.

Non-Communicable Risk Factor Classification

Ultra-Processed Foods (UFPs)

- Sugar-Sweetened beverages (SSBs) and savoury snacks and foods
- Foods that are calorically dense, high in sugar, sodium, and saturated fats
- Consumption of UFPs increase the risk of NCD incidence

Metabolic Risk Factors

- *Increased blood pressure*
- *Obesity*
- *Hyperglycemia (excessive blood glucose levels)*
- *Hyperlipidemia (excessive levels of fat in the bloodstream)*

Modifiable Behavioural Risk Factors

- *Tobacco use*
- *Physical inactivity*
- *Unhealthy diet*



Non-Communicable Diseases and the Economy



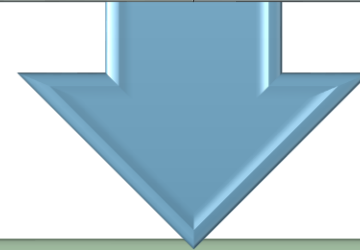
NCDs can contribute negatively to economic growth by affecting the productivity of an economy through:

Higher rates of worker absenteeism (absent from work) and presenteeism (not being productive at work) due to illness.

Greater worker replacement costs

Higher out-of-pocket medical care costs

A greater strain on public health finances and the health system.



In the European Union, heart disease costs were US\$ 224 billion due to productivity losses and healthcare costs.

While In Mexico and some countries (8) across the English-and-Spanish-speaking Caribbean, the economic burden of NCDs cost US\$18.2 billion (direct and indirect costs).

Sweetened Beverage Tax

Reducing the increasing incidence of NCDs and NCD-related deaths in Grenada is an urgent imperative.

- Global research has shown that the implementation of a tax can be effective by reducing the health burden of consumption and the overconsumption of sugars and SSBs.
 - Empirical evidence shows that a 10 percent tax on sugary beverages can reduce consumption by up to 16 percent (Xurereb; PAHO 2015).
- **Effective 1st March 2023**, a sweetened beverage tax will be implemented with the aim to reduce the consumption of beverages that contribute to NCD incidences in Grenada.

VAT levied on sweetened beverages at a rate of 20%

- An increase in the VAT rate from 15% to 20%.
- The VAT amount is levied on the supply of sweetened beverages specified in the 5th Schedule of the VAT Regulations (2023).

Items within this schedule

- Sweetened Fruit and Vegetable juices.
- Popsicles (Frozen or otherwise).
- Food preparations including syrups (Mauby, Flavoured, or Coloured) and flavouring powder for making Beverages.
- Soft drinks, malt beverages, and sweetened beverages containing cocoa.



Sweetened Beverage Tax



Items within Part B of the 5th Schedule

- Part B highlights beverages that will not be subjected to the ad increase of 5 percentage points.
- These beverages will remain at the previous tax rates

PART B VAT ON NATURALLY SWEETENED AND OTHER BEVERAGES

| | | |
|---------------|---|-----|
| 20.09 | DRINKS FOR INFANT USE, PUT UP FOR RETAIL SALE | 15% |
| 20.09 | 100% NATURAL FRUIT AND VEGETABLE JUICES | 15% |
| 2106 | NUTRITIONAL SUPPLEMENTS INTENDED FOR DIETARY SUPPORT | 15% |
| 2202 | REHYDRATION DRINKS USED IN SPORTS | 15% |
| Ex 2106.90.71 | MILK AND SOYA BASED PREPARATIONS FOR INFANT USE, PUT UP FOR RETAIL SALE | 0% |
| - | ALL BEVERAGES CONTAINING ONLY NATURAL SWEETENERS AND NO ARTIFICIAL SWEETENERS | 15% |

(2) For the purposes of this Schedule, a “natural sweetener” includes stevia, raw honey, molasses, coconut sugar, monk fruit sugar and sugar alcohol, namely erythritol and xylitol.”.

Future Considerations

The first phase focuses on the taxation of sweetened beverages with the aim of curbing excessive consumption behaviours.

- The Government of Grenada recognizes that an integrated approach is necessary in healthcare and healthy lifestyles in order to sustainably improve the wellbeing of the Nation (National Budget Speech 2023).
- *The current tax is a crucial first step in this regard, which must be complemented by other measures including public sensitization campaigns, that promote healthy diets and lifestyles, banning SSBs from schools and public institutions, and regulating labelling among other targeted measures.*

During 2009-2019, deaths due to ischemic heart disease have increased by 12.3 percent. The risk of heart disease is attributable to a lack of exercise and the consumption of savoury snacks and foods high in saturated fats.

- In the long run, the tax base will be broadened to include such items, coupled with stronger community engagements and education and strict enforcement of restrictions within schools.
- This would ensure that the foods which contribute to heart disease—the leading cause of death globally, will be accounted for in the tax base and through engagements, society will be empowered to make healthier food choices. When all Ultra-processed foods are captured, the true benefits of the tax will be realized.

