Taxing Sugar Sweetened Beverages in Barbados

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Introduction

• Barbados introduced a tax on SSBs in 2015.
• No earmarking of revenues
• Helps to cover the rising cost of healthcare in Barbados
• Presentation attempts to:
  • Provide an overview of the SSB tax in Barbados
  • Impact on tax landscape
  • Impact on consumption
  • Future of the tax
Beverage and Tax Landscape in Barbados

• Ten (10) major beverage companies in Barbados

• Estimated 750,000 to 1,000,000 units of SSB sold in Barbados

• Sugar content range from 6 grams of sugar per 100ml to 10 grams per 100ml (for energy drinks this is 30-40 grams per 100ml)

Comparison of Selected Taxes

Source: Ministry of Finance
Structure of the SSB Tax

- Sales tax
- 10% of the value of the beverage before VAT (17.5%)
- Tax is levied on both local production and imports
- No special concessions

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Included Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.09</td>
<td>Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter</td>
</tr>
<tr>
<td>22.02</td>
<td>Includes: Waters including mineral and aerated waters; containing added sugar or other sweeteners or flavoured and other non-alcoholic beverages not including fruit and vegetable juices</td>
</tr>
<tr>
<td>2202.10.00</td>
<td>Waters, containing added sugar or other sweetening matter or flavoured</td>
</tr>
<tr>
<td>2202.10.10</td>
<td>Aerated beverages</td>
</tr>
<tr>
<td>2202.10.90</td>
<td>Other</td>
</tr>
<tr>
<td>2202.90.10</td>
<td>Beverages containing cocoa</td>
</tr>
<tr>
<td>2202.90.20</td>
<td>Malt beverages</td>
</tr>
</tbody>
</table>
Impact of the Tax on SSBs in Barbados

- Prices of SSB and non-SSBs has diverged
- Year-on-year growth in SSB prices is 2% higher per quarter
- Sales of SSBs have declined by 4.3% as a result of the tax

Alvarado, et al., 2017; Alvaradao, et al., 2019
Impact of the Tax on SSBs in Barbados

- Bottled water: No increase in the production of beverages with less or no sugar
- Powders and crystals: Rate is too low
- Stakeholder discussions
Increasing the Rate on SSBs

- Increasing the tax on SSBs does reduce consumption
- At relatively high levels consumption falls significantly
Conclusion

• The Barbados SSB tax has resulted in a moderation of the growth in consumption on SSBs.
• The type of beverages has not changed much as a result of the introduction of the tax.
• An increase in the tax on SSB might be needed to further moderate consumption.