

Taxing Sugar Sweetened Beverages in Barbados

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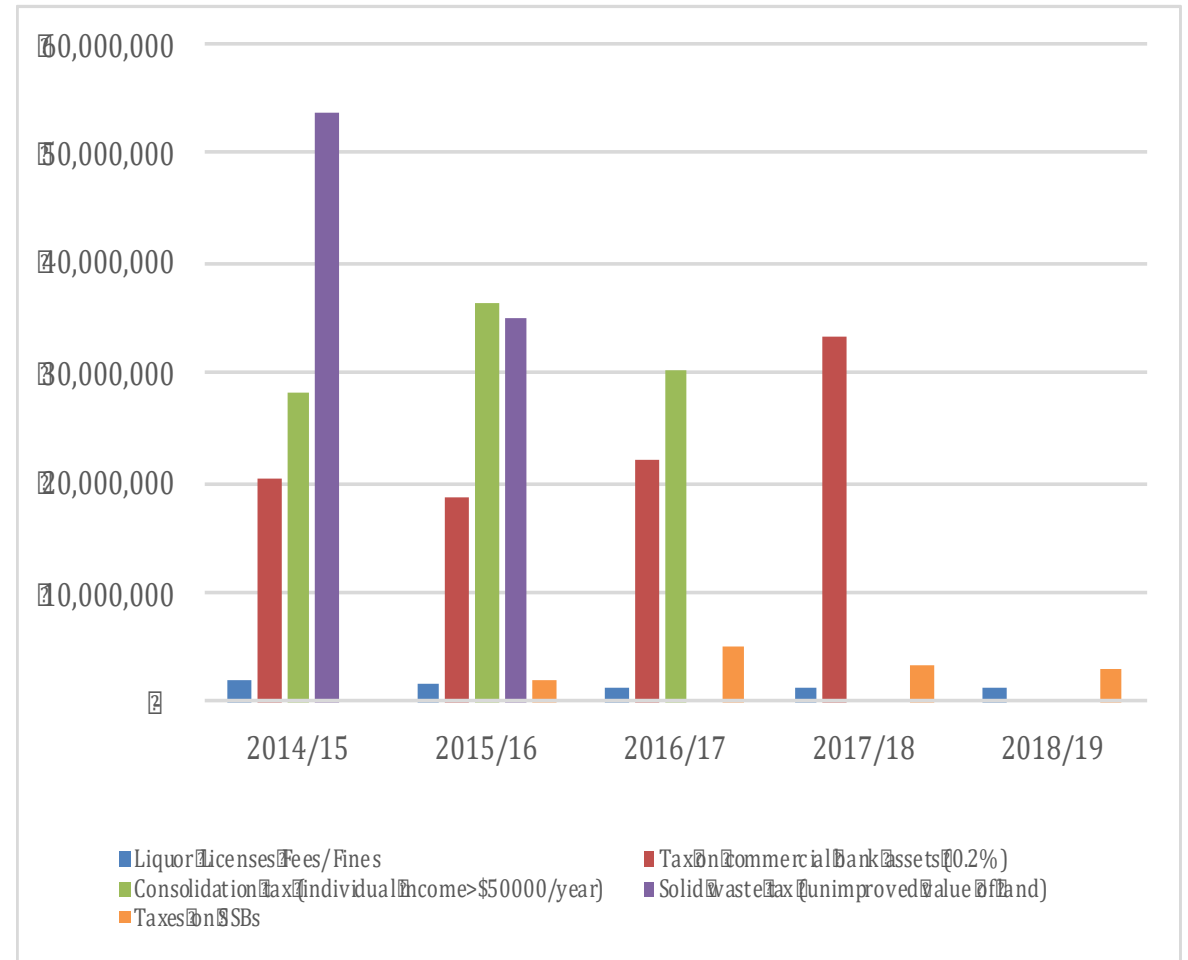
Introduction

- 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

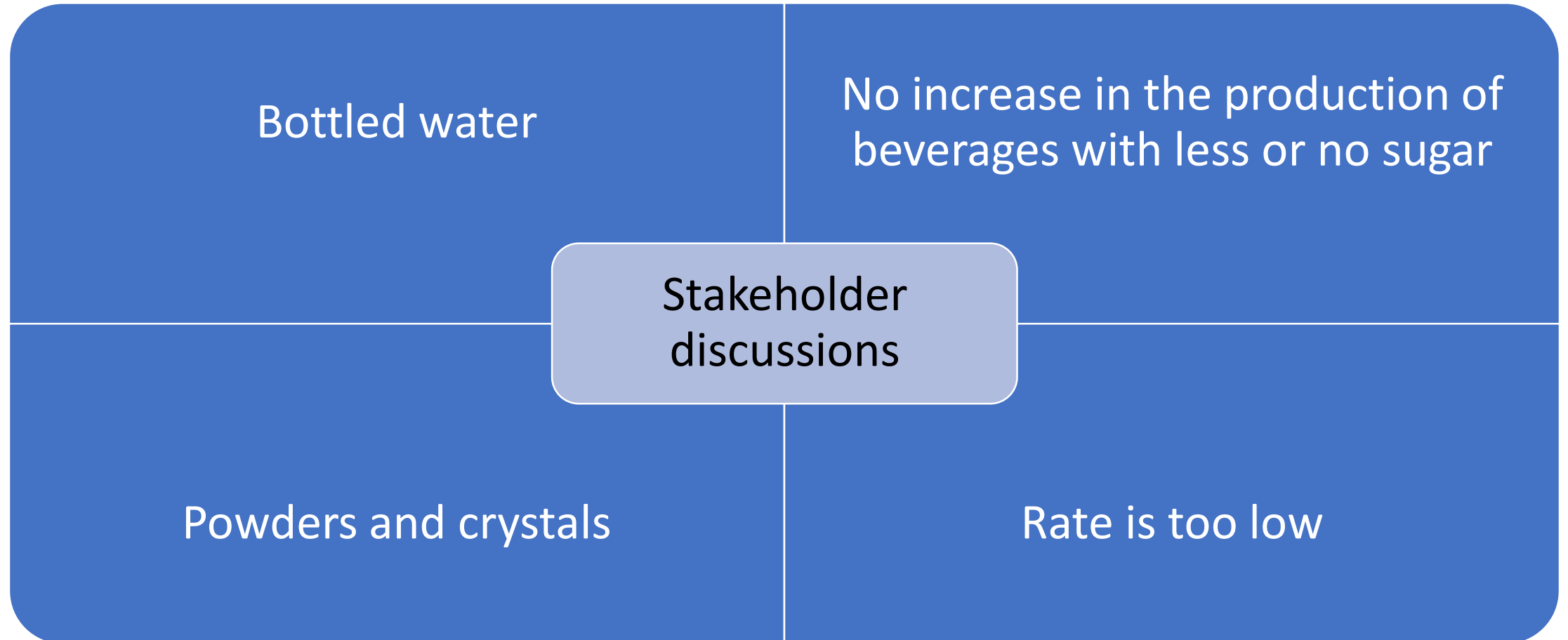
- Sales tax
- 10% of the value of the beverage before VAT (17.5%)
- Tax is levied on both local production and imports
- No special concessions

Tariff Code	Included Products
20.09	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter
22.02	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
2202.10.00	Waters, containing added sugar or other sweetening matter or flavoured
2202.10.10	Aerated beverages
2202.10.90	Other
2202.90.10	Beverages containing cocoa
2202.90.20	Malt beverages

Impact of the Tax on SSBs in Barbados

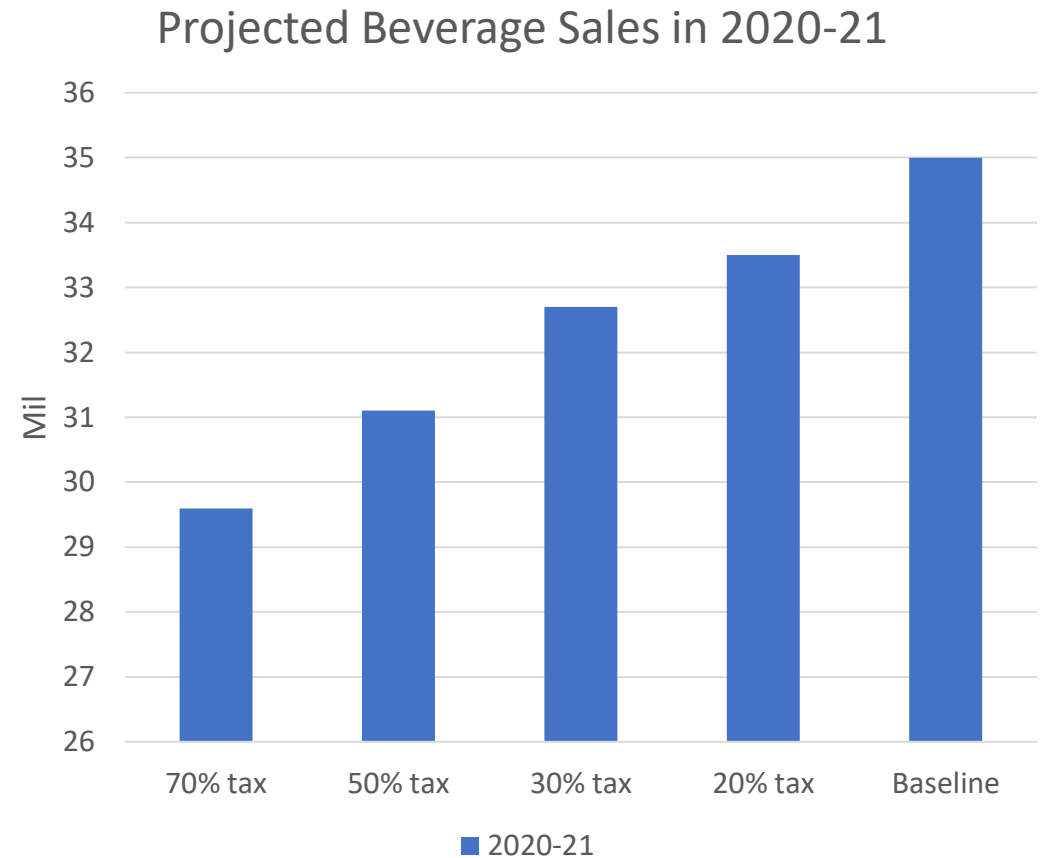
- Prices of SSB and non-SSBs has diverged
- Year-on-year growth in SSB prices is 2% higher per quarter
- Sales of SSBs have declined by 4.3% as a result of the tax
- Alvarado, et al., 2017; Alvaradao, et al., 2019

Impact of the Tax on SSBs in Barbados



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.