

National Assembly approves sugar tax

The bill providing for the implementation of a tax on sugary beverages - the health promotion levy - was passed by the National Assembly on Tuesday.



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The adoption of the measure, which will be introduced in April 2018, came after extensive public hearings by Parliament's finance and health committees as well as negotiations within the National Economic Development and Labour Council (Nedlac) on an implementation plan.

An interdepartmental committee consisting of the Treasury and the departments of economic development, agriculture, trade and industry and labour also worked on a mitigation strategy to limit the effects of the levy on sugary beverages.

A task team will monitor the implementation of the health promotion levy to assess its effect on job losses. It will also look at a range of government programmes to provide support to the industry.

Finance Minister Malusi Gigaba said there could be no trade-offs between health and economic growth. He stressed that a national effort was required to get growth off its current low growth path. Nothing could be sacrosanct in this effort and tax increases would also have to be considered.

Gigaba noted that SA's fiscal position had become "more precarious" and a balance would have to be struck between raising taxes and economic growth.

The Treasury made significant concessions in the design of the health promotion levy during the course of the deliberations. In terms of the bill adopted by the National Assembly, the tax will be imposed at a rate of 2.1c/g of sugar beyond a threshold of 4g of sugar per 100ml.

The sugar industry opposed the levy on the grounds that it would contribute to the loss of jobs, but the Treasury and the Department of Health argued it was necessary to deal with obesity and the epidemic of noncommunicable diseases.

The levy is provided for in the Rates and Monetary Amounts and Amendment of Revenue Laws Bill, which was adopted despite DA opposition.

Other money bills - the Taxation Laws Amendment Bill and the Tax Administration Laws Amendment Bill - were also adopted by the National Assembly on Tuesday.

Source: Business Day

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