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Proposed zero-rating of sanitary towels (pads) a slightly hollow victory for SA women - here's why

By Kagiso Nonyane

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During the medium-term budget in October 2018, the minister of finance announced that sanitary towels (pads) will be included in the list of those items that are zero rated for VAT purposes.

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This announcement was a welcome relief for South African women, mainly those in lower income households who are over-burdened by the high prices of sanitary pads (especially after the VAT rate was increased from 14% to 15% in April 2018). The announcement came after numerous submissions were made calling for the zero rating of sanitary pads.

It has emerged, however, that this is a slightly hollow victory for South African women in light of the more recently published Binding General Ruling 49 issued by SARS on 15 March 2019 (BGR 49). The BGR 49 argues that only the following sanitary items are "sanitary towels (pads)", and therefore zero rated in terms of the newly introduced amendment to the VAT law:

- Menstrual pads (all types – for example, light, medium and heavy flow, mini, super, sports, overnight, wings and no wings);
- Maternity pads designed for use in pre and post birth bleeding; and
- Panty liners which are similar to menstrual pads and are lighter and thinner.

Specifically excluded from the list of zero-rated items are:

- Tampons (all types, with or without an applicator);
- Menstrual cups;
- Feminine sanitary wipes;
- Period or leak-proof underwear; and
- Any incontinence towels or pads.

It is clear that National Treasury/SARS fail to realise that menstrual protection comes in different forms and not just pads. In August 2018, the independent panel of experts for the review of zero rating in South Africa recommended to the minister of finance that "sanitary products" be zero rated. However, the panel unintentionally defined these products as pads and tampons. The clear intention was to cover sanitary products including liners, tampons, towels and pads.

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The position taken by National Treasury/SARS is disappointing as they fail to appreciate that the items excluded for zero rating have the same purpose as those that are included. There appears to be no rational basis for such a distinction.

Furthermore, the differentiation creates an unfair disadvantage in a market of price-sensitive consumers. For example, menstrual cups are largely used in the poorer communities as it has the benefits of being a longer-lasting and reusable product.

Not only does the SARS ruling have significant financial implications for millions of South African women; but also, longer term consequences as these women in many instances will not attend school as a result of a failure to afford these basic products.

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