

**TIGER BRANDS**



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PO Box 78056, Sandton 2146, Republic of South Africa

14 November 2017

**The Honourable Chairperson of the Standing Committee on Finance**

**Mr Yunus Carrim**

3<sup>rd</sup> Floor

90 Plein Street

Cape Town

8000

Attention: Mr Allen Wicomb

Per e-mail: [awicomb@parliament.gov.za](mailto:awicomb@parliament.gov.za)

[ycarrim@parliament.gov.za](mailto:ycarrim@parliament.gov.za)

Dear Mr Wicomb

**TIGER BRANDS LIMITED: RATES AND MONETARY AMOUNTS AND AMENDMENT OF REVENUE LAWS  
BILL: NOTES RELATING TO HEALTH PROMOTION LEVY FOR SUGAR SWEETENED BEVERAGES**

As indicated in previous submissions by Tiger Brands Limited ("**Tiger Brands**") the health promotion levy as provided for in the abovementioned Bill is of significant interest to us.

Tiger Brands have on four previous occasions made submissions to Government and/or Parliament on the proposed introduction of the sugar levy.

The first submission was made on the 22 August 2016 in response to the publication of the Policy Paper published by National Treasury on 8 July 2016 (**the "Policy Paper"**) on Taxation of Sugar Sweetened beverages, the second submission was in response to a request for written submissions by the Standing Committee on Finance and by the Portfolio Committee on Health on or about 15 December 2016 in relation to the Policy Paper. This submission was made on 27 January 2017.

The third submission was made on 31 March 2017 in response to the *Rates and Monetary Amounts and Amendment of Revenue Laws Bill of 2017* ("**the Bill**"). The fourth submission was made on the 26 May 2017 in response to the request for comments to changes to the Customs and Excise Act as it related to the Health Promotion Levy for sugar sweetened beverages.

**TIGER CONSUMER BRANDS LIMITED** Registration No. 1972/006590/06

Directors: L C Mac Dougall (Chief Executive Officer), N P Doyle, A G Kirk, P W Spies, C F H Vaux

Company Secretary: J K Monaisa

Our previous submissions have included requests to change how the tax is calculated for concentrates, changes to the threshold, as well as to clarify and/or change aspects of the notes related to the Health Promotion Levy. We acknowledge and appreciate the changes made to make the application of the levy equitable to concentrates in that the tax is calculated on the sugar content of the diluted product rather than the concentrate.

It is however unfortunate that our comments, as well as presentation, on the threshold and other aspects of the notes have not resulted in changes which means that it still does not take into consideration that products like squashes and nectars are regulated by the Agricultural Products Standards Act, 1990 (Act 119 of 1990) to have certain minimum fruit juice contents. We therefore reiterate our comments related to these as follows:

1. Our previous submission requested clarity on the threshold of 4g versus 5g. The Policy Paper related to the Taxation of Sugar Sweetened Beverages referred to 5g and it is still our submission that both The South African Revenue Service and National Treasury should not deviate from the Policy Paper.
2. A threshold of 5g rather than 4g is even more applicable to regulated fruit juice and drink products that are mandated to contain certain percentages of fruit juice content. 100 % fruit juices are exempt from the tax, therefore products that are regulated to contain certain amounts of fruit juices should also have the intrinsic sugar derived from the fruit juice content exempted.
3. If the above complicates the administration of the tax, all regulated products under the Agricultural Products Standards Act, 1990 (Act 119 of 1990) that must contain fruit juice (i.e. fruit drinks/squashes and nectars) should have a 5g threshold rather than a 4g threshold to compensate for this inclusion. The 4g threshold can still apply to products that don't have a fruit juice content.
4. The above is also applicable to the description of sugar content in the notes which refers to intrinsic sugar and other sweetening matter. As indicated above, nectar and squash/drink products are legally, in terms of the Agricultural Products Standards Act, 1990, required to have a minimum amount of fruit juice content: 6 % for squashes and a variable minimum content of fruit juice based on the type of fruit in the nectar. It is Tiger Brands' view that the sugar derived from fruit juice, i.e. the 'intrinsic sugar' content of a beverage, should not be subject to the sugar levy, only 'added sugar' should be taxed. This is in line with the exemption of taxation of 100 % fruit juices.

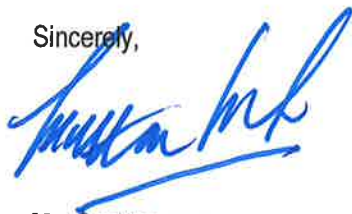
In addition to the above comments, we also seek clarity on the following:

- **Note 5 a, b and c of Schedule No. 1/Part 7/Section A: Health Promotion Levy on Sugary Beverages of the Bill**
  - If the sugar content is indicated on the label but not in the format as per the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972), will this still be valid? The current Labelling and Advertising Regulations, No. R. 146 of 2010 indicates it is not compulsory to have a nutritional information table unless certain claims are made.
  - If the sugar content is not on the label, can the manufacturer use test results from a laboratory to justify the sugar content? Or would the test results be from SARS sending the products for testing?
  - The National Regulator for Compulsory Specifications (NRCS) does not accredit laboratories and test methods. This is done by the South African National Accreditation System (SANAS). This should therefore be changed accordingly.
  - When will the sugar content be deemed to be 20 g per 100 ml as per 5c? This needs to be clarified.

Having regard to the above, in summary, Tiger Brands proposes that for regulated products containing fruit juice as per the Agricultural Products Standards Act, 1990, the threshold should be increased to 5g rather than 4g to compensate for the fruit juice content that contains intrinsic sugars.

We trust that our comments will receive due consideration. Please contact the undersigned should you require any clarity or further information regarding the Submission.

Sincerely,

A handwritten signature in blue ink, appearing to read "Grattan Kirk", with a horizontal line underneath.

**Mr. Grattan Kirk**  
**Chief Growth Officer: Groceries and HPC**