

# Bills on 'sugar tax' and tax exemption adopted in Parliament

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10 Nov 2017

Parliament's finance committee has adopted bills that provide for the introduction of a health promotion levy (the sugar tax) as well as amending the tax exemption for income earned by South Africans working abroad.



The health promotion levy is one of the provisions in the Rates and Monetary Amounts and Amendment of Revenue Laws Bill, while the tax exemption provision is contained in the Taxation Laws Amendment Bill. Both bills will be presented to the National Assembly for debate and adoption.

There has been intense debate about the health promotion levy, which has been proposed in a bid to reduce the level of obesity and the high incidence of noncommunicable diseases. The agricultural sector and trade unions warned of the danger of thousands of job losses, which the Treasury conceded were likely, though not to the extent predicted. The matter was also discussed in the National Economic Development and Labour Council (Nedlac).

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

The Treasury expected the levy to take effect in the first quarter of 2018 once the bill was promulgated. The proposal has been on the table since July 2016, with the tax rate being amended in the February 2017 budget, from 2.29c a gram of sugar to 2.1c a gram and a threshold of 4g of sugar per 100ml was introduced, below which the levy would not be imposed.

Beverages that will be exempt from the tax are 100% fruit and vegetable juices, which will be considered for taxation at a later stage, and milk products with no added sugar.

Regarding amendments to the tax exemption for income earned by South Africans working abroad, the 183-day exemption would be retained and a R1m ceiling introduced on income that could be claimed under it. The measure would take effect on March 1 2020.

**Source:** *BDpro*

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