



25 February 2019

Mr. Niall Cody
Chairman
Revenue Commissioners
Dublin Castle
Dublin 2

Dear Chairman

I am writing to you in relation to the changes announced by Revenue in the interpretation of VAT on food supplements with effect from 1 March next. I appreciate that this is a matter of Revenue competency and that Revenue must administer tax legislation without fear or favour, independent of outside influences.

Since the issue was first brought to my attention, in the context of Budget 2019, I have been approached by a wide range of individuals and organisations raising concerns about the impact of the application of the standard rate of VAT to all food supplements. Approaches have come in all forms including debates in Dáil and Seanad Éireann, numerous Parliamentary Questions and representations from industry, individuals and representative groups.

At my appearance before the FINPER Committee last week, I took the opportunity to reiterate my view that I was well aware of the issue, that Revenue had serious concerns that the law was not being implemented as it should be and this threatened the integrity of VAT law. I also stated that I would be fully accepting of whatever decision Revenue made and was at pains to point out that it is not the case that I can or would attempt to influence how Revenue implement law.

I appreciate and understand the reasons why the Commissioners have decided on this course of action and non-compliance with tax law and the resulting unfair competition between compliant and non-compliant businesses are serious matters.

You will recall that, in the course of the Committee Stage debate on the Finance Bill last November, I gave a commitment to address the matter by means of a specific paper to the tax strategy group during the summer period. At the time I stated that "Independent of Revenue's decisions on interpretation, I will put in place a process that will conclude in the TSG papers to examine some of the policy choices that could be available."

The publication by Revenue of the new guidance has served to coalesce public opinion on this important issue in a manner which highlights how necessary the policy review within the context of the TSG process will be.

To ensure that this policy review will be effective, I propose to issue a public consultation seeking engagement from all parties on the issue and to consult with my colleague, the Minister for Health, to ascertain his views on the use of food supplements. I am of the view that this approach provides a way of bringing forward the necessary analysis and information to facilitate my consideration of options regarding the legislative provisions concerning the VAT treatment of products in this sector. In this context, while Revenue is of course independent in its administration of the tax code, any consideration by you of how best this process could be supported by the timing, either immediate or delayed, for the implementation of the new guidance would be much appreciated.

Yours sincerely



Paschal Donohoe

Paschal Donohoe T.D.
Minister for Finance and Public Expenditure and Reform