

“EXCISE SUGAR TAX” - DAIC Post- Budget Luncheon

Behind the Economic Genius of this public-private sector dialogue



Part II/II - By Ashfred Norris, DAIC Communications

“Keeping in mind that Josphine Gabriel & Co. Ltd’s, contribution to the Dominican economy is in millions of dollars in corporate tax, VAT and other taxes, the company is looking closely at the increase in actual payments of excise tax on Quenchi sales - an increase of one hundred and twenty-six thousand dollars within the year.”, Josphine Gabriel & Co. Ltd, 2025 Post-Budget Luncheon.

On April 02, 2025 the **Dominica Association of Industry & Commerce (DAIC)** successfully hosted its inaugural Post-Budget Luncheon event – bringing the public & private sectors under one common action – to delve deeper into the National budget address delivered by the Minister of Finance, the Honourable Dr. Irving McIntyre in July of 2024.

The event took place at the *St. Alphonsus Parish Hall, Goodwill, Dominica*, where – during a segue into the *Feature Panel Discussion*, which consisted of participants such as the Minister of State, Honourable Daren Pinard, President of the DAIC, Brenton Hiliare, and Cofounder of Shopdm - Davidson Edwards; they each referenced strides that Dominica’s economy can take to optimize natural resources and contribute to building sustainability within industries.

In this very same vein, later discussions sparked by the presentation made by Josephine Gabriel & Co. Ltd, which evaluated the impact that the introduction of the Excise Sugar-Sweetened Beverage (SSB) Tax had already made on the business' cash flows, as well as, projections of further impacts that are being observed — that may still have the ability to affect the business in the long run.

The local manufacturer, who has been operating in Dominica for 83 years and employs a staff of over 60 personnels, delivered a brief impact report of the recent Sugar-Sweetened Beverage (SSB) Tax imposed by the Government of Dominica, last July, for the initial period of January - December, 2024. This sudden rise had been attributed to addressing concerns regarding the presence of non-communicable diseases (NCDs) on island, as a result, the excise taxes on sugar-sweetened beverages were raised by \$1.00 per litre, and by \$0.75 per litre and per kilogram on alcohol and tobacco, respectively.

The following breakdown was presented at the Post-Budget Luncheon by Josephine Gabriel & Company Ltd:

“We manufacture both Quenchi soft drink and the Trois Piton water, but the water doesn't have sugar. So, imagine Quenchi soft drink sales from the period of January to August [eight (8) months], 2024 - a period in the calendar year when the excise tax or the SSB tax was not yet implemented, the sales totaled, 34,080 cases, while for the period from September to December, four (4) months, the sales totaled, 12,769 cases. This represents an average of 4,260 cases during the first 8 months, [and] an average [of] 3,192 cases per month during the last four [months]. This means a reduction of 25% in sales from one period to the next. I added [the] two additional months of January and February [2025] to make it six months past the implementation of the excise tax and the drop went further from 25% to 29%. Which means that if we had to add another six months – making it one year, none of us [would] know how low this drop will be again.”

“Let us look at the tax paid in those periods”, the financial representative for Josephine Gabriel & Co. Ltd started. “For the eight months, January to August, 2024, when the excise tax rate was 20 cents per litre, the payment on 34,080 cases amounted to sixty-eight thousand, six hundred and seventy dollars. For the 4 month period, September to December, 2024, after the excise tax rate was increased by \$1.00 to \$1.20 per litre, the payment on 12,769 [cases] amounted to one-hundred and fifty-one thousand, five-hundred and twelve dollars.”

“From January to December 2024, total sales in cases were 46,848 cases [and] an excise tax paid amounted to, two-hundred and twenty-thousand, one-hundred and eighty-two dollars. To get a better picture, let us look at the rate [at which] the same cases are sold during the year if the rate had remained at 20 cents per liter.”

“Excise tax on 46,848 cases would have been ninety-three thousand, nine hundred & twenty-one dollars – and I said that, for the same period, the same number of cases at 20 cents per liter. But, with the newly present excise tax of \$1.20 per litre for these same, 46,848 cases, it

would have attracted five-hundred & sixty-three thousand, five hundred & twenty-nine dollars. That's an increase of four-hundred & sixty-nine thousand, six-hundred & eight dollars. I think you've [gotten] a better picture of what the impact is like knowing why there would be a drop of 29% in sales within 6 months and I believe it is likely to dip further within one year."

"Now, Josephine Gabriel & Company Ltd., is not only a manufacturer of soft drinks but also an importer of Coke and its products. Importer of aerated beverages - that is Coke, Fanta and Sprite from January to August, 2024, was 51,850 cases, while from September to December it was 25,370 cases. Josephine Gabriel and Company, paid excise tax on the 51,850 cases of imported soft drinks from January to August in the amount of one-hundred & eighty-three thousand, two-hundred & fifty-seven dollars. For the period September to December, 2024, the amount paid on imports of 25,370 cases was five-hundred & sixty-one thousand, six-hundred & eighty-six dollars."

"Let me repeat this, on 51,850 cases the excise tax was one hundred & eighty-three thousand, two hundred & fifty-seven dollars (\$183,257) but on 25,370 cases, which is about half the imports, the excise tax was five hundred & sixty-one thousand, six hundred & eighty-six dollars (\$561,686) – making total excise tax on imported soft drinks, seven hundred, forty-four thousand, nine-hundred & forty-three dollars (\$744,943)."

"Let me give you a better picture, had the tax rate remained at 20 cents per litre for these 77,220 cases, excise tax would have been two hundred & eighty-one thousand dollars (\$281,000) but with the present rate of excise tax at \$1.20 the 77,220 cases would attract excise tax of One Million, six hundred and eighty-five thousand dollars (\$1,685,000). That is an increase of one million, four hundred and four thousand dollars."

"Keeping in mind the Josephine Gabriel & Co. Ltd, contribution to the Dominican economy is in millions of dollars in corporate tax, VAT and other taxes, the company is looking closely at the increase in actual payments of excise tax on Quenchi sales - an increase of one hundred and twenty-six thousand dollars within the year."

"Together with the amount paid on imported soft drinks carried by the company, its impact on cash flows during the year is already frightening – especially at a time when the company is undertaking major investment which will benefit Dominica in the immediate to distant future. Presently we are discussing a way to deal with the further decrease in cash flow during the next few months of the project commissioning process. It is frightening", the presenter from Josephine Gabriel & Company Ltd., concluded.

Representatives from the manufacturing company stated that they were able to meet with the Government of Dominica to further discuss the tax right after the budget address – which was the first time they heard of this "500% increase in [sugar] tax". "We, as a company, are not opposed to the sugar tax but we had even asked them for an incremental increase instead of the whole dollar being put on so that our consumers, customers and ourselves would have enough time to get used to the sugar tax."