## **Forbes**



## Robert W. Wood THE TAX LAWYER

TAXES 6/23/2015

## Naked Tax? Jamie Oliver Proposes Sugar Tax

Celebrity chef Jamie Oliver became famous as The Naked Chef, stripping down recipes and presenting the bare essentials of cooking. No, he didn't cook naked, and he's not proposing a tax on nakedness. What he *is* proposing is a 'sugar tax' on all sweet drinks served in his restaurants. It is a money-where-your-mouth-is protest against the UK government's refusal to introduce one.

As with many other things Oliver, it's pretty clever. Of course, Mr. Oliver does not have the *power* to tax like the UK government does, or even a city. It's just an add-on charge he's pledging of 10 pence (about 15 cents) for every drink containing added sugar. Equally clever, Mr. Oliver is then handing over the money to fund better education about healthy eating.

The Jamie Oliver Restaurant Group will donate £25,000 to start. The tax is actually called the 'children's health levy.' He's helping to underscore the dangers of sugar consumption and sending a message to UK government to get off its burn and take action against childhood obesity.



Paul Zimmerman/Getty Images

Mr. Oliver has spoken passionately about his 10 pence 'sugar tax' on fizzy drinks:

66 I've seen first-hand the heartbreaking effects that poor diet and too much sugar is having on our children's health and futures. Young children are needing multiple teeth pulled out under general anaesthetic and one in three kids [is] now leaving primary school overweight or obese. Soft drinks are the biggest single source of sugar among school-age kids and teenagers and so we have to start here."

Mr. Oliver says that his four children drink mainly water or diluted fruit juice. He believes in healthy drinks, such as putting freshly cut lemons, oranges or strawberries into iced water. The UK's David Cameron has refused to introduce a soda tax. Yet such taxes are gaining legitimacy. The first U.S. soda tax was in Berkeley, California.

The beverage industry reportedly spent about \$2.3 million in Berkeley and failed to stop the measure. More money was thrown at larger and more influential San Francisco, where a soda tax was defeated. Yet famously liberal Berkeley was still seen as a pivotal victory that could mean more soda taxes in more mainstream cities. Some figures suggest that if the soda tax goes national, there will be huge health gains, perhaps preventing 100,000 cases of heart disease, 8,000 strokes and 26,000 deaths.

Soda and junk food taxes are <u>sin taxes</u> to control behavior, but they also raise revenue. With obesity, diabetes and other health problems on the rise, junk food taxes are hardly a novel concept. But they have been hard fought and harder to pass. A tax exempt Native American Tribe, the Navajo Nation, is the first jurisdiction in America to impose a broad junk food tax.

The Navajos passed a 2% sales tax on pastries, chips, soda, desserts, fried foods, sweetened beverages, and other products with "minimal-to-no-nutritional value." The sales tax will generate an estimated S1 million a year in 110 tribal chapters for greenhouses, food processing and storage facilities, traditional foods cooking classes, community gardens, farmers' markets, etc.

According to the Indian Health Service, about 25,000 of the Navajo Nation's 300,000 members have type-2 diabetes. Another 75,000 are pre-diabetic. There is rampant hypertension and cardiovascular disease. The legislation was vetoed three times by Navajo Nation President Ben Shelly, because of questions about how the tax would be regulated. There have been worries over the potential impact on small business owners and consumers. But eventually, the tax gained favor. Who will be next?

For alerts to future tax articles, email me at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.