



SOUTH AFRICAN POULTRY ASSOCIATION

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## **MEDIA STATEMENT**

### **VAT FREE CHICKEN INITIATIVE NEEDS MOMENTUM TO BATTLE FOOD INSECURITY**

The South African Poultry Association (SAPA) is calling for the removal of the 15% value-added tax (VAT) on certain chicken products to make this essential food more affordable for low-income households. This initiative aims to benefit struggling families directly by lowering the cost of South Africa's preferred protein and improving accessibility to poultry meat for its most vulnerable citizens, directly combatting food insecurity.

Izaak Breitenbach, head of SAPA's broiler organisation, emphasises that VAT-free chicken is a top priority both in terms of feeding South Africa. He noted that an application to zero-rate chicken products for VAT is to be submitted in mid-November. Poultry production positively impacts South Africa's food security by providing affordable, nutrient-rich foods, although more can be done – as such, this action follows President Cyril Ramaphosa's indication that the government will expand the list of essential food items exempt from VAT.

Breitenbach highlighted the significant economic impact of VAT-free chicken. He predicted that the poultry industry could expand production materially to meet increased demand, "The benefit of VAT-free chicken is enormous, we expect a meaningful increase in consumption, giving malnourished people access to nutritious chicken products they previously could not afford. We've been producing affordable chicken for the masses for many years, and we continue working hard to create the conditions necessary to keep delivering on that promise."

SAPA is collaborating with retailers to determine which products are most commonly purchased by low-income households, ensuring the proposal meets real consumer needs. The submission currently notes tertiary products, which included all offal, fresh or frozen, as well as frozen Bone-In chicken. The submission will exclude fresh chicken products and value added products such as crumbed, spiced or marinated cuts.

Breitenbach acknowledged that similar proposals in 2018 faced challenges, particularly around the zero-rating of individually quick frozen (IQF) chicken pieces. Government concerns about potential abuse of these definitions were noted, and SAPA is working to ensure this submission aligns with regulatory expectations.

The cost of zero-rating chicken is estimated to be slightly over R4 billion, which amounts to less than 1.1% of total VAT revenue (R426 billion in VAT revenue collected in 2023). Breitenbach noted that anti-dumping duties imposed since 2018 have offset some revenue losses and that increased local production and exports would generate additional tax revenue to support the fiscus.

While Treasury is expected to review the proposal carefully, the final tax decisions will likely be made in February 2025. The medium-term budget on 30 October is unlikely to affect the proposal's progress.

"VAT-free chicken can act as a material kick-starter for low-income households, feed South Africa's malnourished and impoverished citizens" concluded Breitenbach.

**ENDS**