



Federal government announces a two-year extension of the two per cent cap on the annual alcohol excise duty inflation adjustment

March 10, 2024 – Spirits Canada, the national trade association representing distilled spirits, welcomes the federal government's decision to limit the forthcoming alcohol excise tax increase to 2% for the next two years, as disclosed in yesterday's pre-budget announcement by the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance.

“The choice to cap the excise tax increase at 2% represents alignment on the recommendations that the combined voices of the beer, wine, spirits, restaurant, and hospitality sectors made,” said Cal Bricker, President & CEO of Spirits Canada.

Since its introduction in 2017, the escalator tax, has subjected alcohol to automatic annual hikes based on changes in the Consumer Price Index (CPI). Initially introduced during a period of 1% to 1.5% inflation, the 2% cap by the federal government brings closer into line, the expectations of a normal inflationary environment.

“This pause creates a stable outlook that consumers, business owners, and the government itself can rely on to plan for Canada’s long-term fiscal stability,” adds Bricker.

Canadian distillers, with a heritage of over 200 years, take pride in producing top-notch spirits and exclusively sourcing 100% of their input grains (corn, wheat, barley, and rye) from local Canadian farmers. At home, the sector sustains more than 8,500 full-time jobs, contributing over \$5.8 billion annually to the GDP. On a global scale, Canadian distillers export products worth over \$660 million each year. Despite already facing some of the world's highest alcohol taxes, Canadians will benefit from this two-year measure, particularly in easing the burden on consumers and protecting the struggling restaurant and hospitality industry from potential price surges.

For media inquiries:

Via Dulay, Senior Manager, Communications

Via.dulay@acd.ca