



ELIMINATE BEER AND WINE TAXES

A FREEDOM PARTY OF ONTARIO 2011 ELECTION PLANK

Until June 30, 2010, the Alcohol and Gaming Commission of Ontario imposed fees upon the manufacturers of beer and wine in the province. On July 1, 2010 - the day the HST was introduced - the McGuinty government quietly took the fee burden off of manufacturers, and dropped it on the shoulders of Ontario beer, wine and wine cooler consumers. Specifically, it eliminated the manufacturers' fees, and imposed new taxes on Ontario beer, wine, and wine coolers (Part II, *Alcohol and Gaming Regulation and Public Protection Act, 1996*, as amended).

Progressive Conservative and Liberal governments have told Ontarians that beer, wine, and wine cooler taxes are meant to discourage alcohol abuse. The range of different taxes proves that that is not the real reason for the taxes. For example, the basic beer tax in 2010 is about \$5.76 for a case of 24 beer made by the big manufacturers, but the beer tax on a case of 24 microbrewery beer is \$1.72, and there is no beer tax at all on beers made outside of Ontario. As another example, Ontario wine and wine coolers are subject to a 6.1% tax, but the tax on non-Ontario wines and wine coolers is 16.1%. If the real purpose of wine and beer taxes were to discourage alcohol abuse, the tax would be the same on all beers, regardless of who brewed them, and on all wines regardless of who produced them.

In truth, wine and beer taxes are meant to serve at least two purposes. One is to give the government the power to influence which beers consumers choose to buy. By taxing some products more, and some less, the government creates an unfair playing field for producers, and it does so by penalizing you, the purchaser.

Wine and beer taxes are also imposed as a way to give the LCBO an artificially-boosted profit. Wine and beer taxes are not charged on beer, wine, and wine coolers if they are sold by the LCBO. Yet the price of beer, wine, and wine coolers is not lower at the LCBO than it is at the Beer Store or at winery retail stores. That is because the LCBO quietly charges consumers an extra amount equal to the tax, and records the extra amount

as its own revenue. To hide that fact from consumers, the law requires the beer and wine taxes charged by the Beer Store and by winery-operated wine stores to be buried in the total price of beer, wine, and wine coolers, rather than being shown separately on your receipt (s. 65[1], *Alcohol and Gaming Regulation and Public Protection Act, 1996*; see also the Ontario Ministry of Revenue's Beer and Wine Tax FAQ).

“How will I know how much tax I paid on the purchase of beer or wine?”

Beer sold by beer vendors and wine and wine coolers sold at winery retail stores will include the applicable beer or wine taxes in the purchase price. The tax will not be broken down on a consumers sales receipt...”

- “Beer and Wine Tax: Frequently Asked Questions for Consumers/Purchasers”, Ontario Ministry of Revenue

Ontario beer, wine, and wine cooler drinkers already have to pay HST on the products they consume. They should not be forced to pay an additional tax designed to create an unfair competition among beer and wine producers and retailers, and to create phony profits for the LCBO.

A Freedom government will eliminate the beer, wine and wine cooler taxes. That will knock as much as \$5.76 off of the price of 24 beer (for example, a box of 24 having a price of \$29.95 would drop to \$24.19). It will take as much as 16.1% off of the price of a bottle of wine (e.g., the price of a \$15.00 bottle of wine would drop to as low as \$12.92). It will remove as much as 16.1% from the price of wine coolers (for example, a U.S. sangria currently selling for \$11.55 would drop to \$9.95).