



## **A taxing situation: It's more than inconvenient when local convenience stores close**

**April 16th, 2024 (TORONTO, ON)** - Anne Kothawala, President and CEO of the Convenience Industry Council of Canada (CICC), which represents more than 22,500 convenience store employees, issued the statement below in response to the Government of Canada's federal budget released today.

"Budget 2024 is a missed opportunity to address core issues impacting small businesses that will further enhance the negative economic ripple effect that is impacting the well-being of Canadian communities. We are not asking the government to guarantee the profitability of our member businesses, but it is creating conditions that will drive more stores and gas stations to close.

While government thinks that raising taxes on tobacco and vape products will generate revenue, the reality is that this measure will do nothing more than supercharge the contraband tobacco and nicotine product market, which currently costs the government over \$2 billion in uncollected taxes. Government continues to miss the point on this issue - further increasing taxes will result in more Canadians turning to the illicit market where anyone at any age can purchase illegal products at significantly cheaper prices than in the legal market. Continued inaction on the growing illicit market will contravene the government's overall public health objective of restricting youth access as illicit products are more accessible, often at the click of a mouse, with no age restrictions.

Restricting the products our retailers sell while doing nothing to address the black market, hurts local businesses and the communities where we operate. It undermines cessation initiatives while subsidizing activities from organized criminals who use the sale of contraband products as a gateway to illicit drugs and guns. We are now 15 years removed from new action or investment to address contraband tobacco. Budget 2024's inaction on this, in the face of rising seizures of illegal products and a pervasive online market, is inexcusable and will result in more guns, gangs, and grief on Canadian streets.

In addition, the government is aware that the second-largest cost to Canada's convenience retailers behind payroll is credit card fees. Despite this enormous expenditure for local businesses, the government continues its path of inaction while completely ignoring a previous election platform commitment to address this critical issue that impacts the bottom line of 22,500 stores across Canada. The reality is that it costs Canada's c-store retailers to be tax collectors for government. In 2022, 48 cents of every dollar spent at a convenience store was tax, which translates into an average of \$30,000 in fees per store to collect \$10.4 billion in taxes for the federal government alone. This is an issue that is core to the very livelihood of small businesses and the health of Canadian communities.

Amazon won't deliver the gas to fill up your car or send you a litre of milk at 11 pm. It's unfortunate to see concerns from local businesses like convenience stores - which contribute billions to the country's economy and employ 193,000 Canadians - be routinely ignored by this government."

**About the Convenience Industry Council of Canada**

As the voice of Canada's convenience industry, the Convenience Industry Council of Canada (CICC) advocates on behalf of 22,500 retailers across the country that contribute more than \$25 billion in combined federal and provincial taxes, while employing 193,000 Canadians.

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