



FINA 2026 Pre-Budget Consultation

Submitted by: Convenience Industry Council of
Canada (CICC)

Date: May 22, 2026

Introduction

On behalf of the Convenience Industry Council of Canada (CICC), which represents the country's 21,256 convenience stores and 182,808 workers, we are pleased to participate in FINA's pre-budget consultations for the 2026 Federal Budget

Convenience stores are the backbone of local communities and a vital economic engine, generating \$53.4 billion in sales in 2024. We are Canada's most efficient unpaid tax collection network, having remitted \$24.9 billion in federal, provincial, and territorial taxes in 2024—representing 47% of our total sales.

Despite our economic contribution, our industry is facing severe headwinds. We are currently seeing an average of 1.5 stores closing their doors every day.

To ensure the survival of small independent retailers and the communities they serve, we urge the government to adopt the following recommendations in the 2026 Federal Budget.

Combat the Contraband Nicotine Crisis and Strengthen Border Security

The illicit tobacco and nicotine trade is a national security crisis that directly fuels transnational organized crime, including the trafficking of weapons and fentanyl. According to a 2024 EY Canada study, the contraband market is booming, eclipsing legal sales in many regions. Illicit market shares have reached:

- 52% in New Brunswick
- 50% in Ontario, and
- 45% in Manitoba and British Columbia

Between January and October 2024 alone, the Canada Border Services Agency (CBSA) seized over 1.7 million kilograms of illegal tobacco in Southern Ontario. Despite this, the RCMP's Contraband Tobacco Task Force continues to operate on a meagre budget of just \$3 million annually—a budget that has not increased since 2008.

Recommendations:

- Drastically increase funding for the RCMP's Contraband Tobacco Task Force.
- Dedicate specific resources from the \$1.3 billion border investment plan to ensure new detection technologies, such as Mobile Large Scale Imager (MLSI) trucks, are prioritized for the high-traffic contraband tobacco corridor.
- Establish a mechanism that allows law enforcement to retain the proceeds of crime to further fund border enforcement activities against illicit tobacco.
- Work with the province of Ontario, as indicated in their recent provincial budget, on a specific federal provincial task force dedicated to addressing illicit nicotine.

Integrate the Disruption of Illicit Nicotine Networks into the National Anti-Fraud Strategy

To effectively combat the booming contraband tobacco and illicit nicotine trade, the federal government should explicitly integrate the disruption of these complex networks into the proposed National Anti-Fraud Strategy's multi-sector framework.

Recommendations:

- Dedicate resources to specifically address and take down illegal tobacco and nicotine websites. Digital platforms and search engines must be mandated under the Framework's disruption rules to proactively screen for fraudulent profiles, block malicious links, and immediately remove known fraudulent accounts and advertisements leading to contraband nicotine vendors.
- Neutralize the ability of illicit vendors to profit by mandating federally regulated financial institutions and online payment processors to close, block access to, and cut off financial services for accounts known to be controlled by these bad actors.
- Implement a coordinated, national strategy on contraband nicotine led by the federal government and supported by the provinces to dismantle complex cross-border networks. This must be supported by a drastic increase in funding for the RCMP's Contraband Tobacco Task Force—which has not seen a funding increase in 15 years—and the expansion of enforcement powers for the CBSA and Canada Post under Bill C-12.
- Empower Canadians to protect themselves by funding a targeted public education campaign. This campaign should draw attention to the hidden health, safety, and community dangers of illicit nicotine products, helping consumers scrutinize illegitimate online offers and understand that buying these products directly funds organized crime.

Resolve the Uncompensated Consumer Carbon Price and Excise Tax Liability

The implementation of fuel excise changes, coupled with the removal of the consumer carbon price, has created significant uncompensated costs for fuel retailers across Canada. With carrying costs continuing to place pressure on businesses (particularly independent and rural operators) there is an urgent need for the federal government to establish a reimbursement mechanism that ensures retailers are made whole for taxes embedded in existing inventory.

While our industry was working with the government to resolve the excise tax issue from April 1, 2025, the government doubled down by removing the consumer carbon price. Retailers purchased inventory with both embedded carbon and excise costs already paid upstream, but were subsequently prohibited from recovering those costs at the pump. The result has been a double financial hit for retailers already operating on thin margins.

Canadian fuel retailers have been left with significant uncompensated liability tied to fuel inventory carrying both carbon and excise costs. Because the Canada Revenue Agency (CRA) currently lacks a clear regulatory mechanism to reimburse businesses for taxes remitted but no longer recoverable, retailers are unfairly absorbing these losses — accelerating store closures, reducing investment capacity, and placing disproportionate strain on smaller and rural operators.

We continue to work collaboratively with the Government of Canada toward a solution; however, at the time of this submission, no reimbursement mechanism has been implemented for either the carbon or excise liabilities incurred by retailers.

Recommendation:

- Include a legislative mechanism empowering the CRA to reimburse eligible retailers for both carbon and excise tax liabilities embedded in fuel inventory. This can be achieved through existing administrative avenues, such as allowing businesses to apply the liability as a Harmonized Sales Tax (HST) credit, using the B402 adjustment formula for a direct payment, issuing a Remission Order, or amending the Greenhouse Gas Pollution Pricing Act (GGPPA).

Provide Relief from Punitive Credit Card Interchange Fees

The shift to digital payments means that nearly 85% of all gas purchases are now made via credit card. Interchange fees are the second-highest operating cost for our stores, trailing only payroll. Because our sector is highly taxed—with 47% of our sales going straight to government coffers—retailers are paying credit card interchange fees on the tax portion of the sale. Third-party economic analysis estimates that the convenience and fuel retail sector pays more than \$79 million annually in credit card processing fees solely to collect and remit taxes on behalf of government.

Existing government fee-reduction initiatives primarily help micro-businesses and provide no relief to convenience stores grappling with the compounded cost of fees applied to fuel and excise taxes.

Recommendations:

- Mandate the removal of interchange fees from the tax portion of sales, or establish a reimbursement mechanism so small businesses can recoup these costs.
- Implement binding caps on interchange fees.

Eliminate Interprovincial Trade Barriers for Alcohol and Tobacco

Convenience stores operating across multiple jurisdictions are bogged down by a patchwork of archaic, overlapping provincial regulations that drive up operational costs and reduce consumer choice.

Current provincial tobacco stamping requirements mandate that retailers keep entirely separate logistics operations for different provinces. For example, a retailer in Ottawa cannot transport Quebec-stamped tobacco in the same trucks serving Ontario, destroying supply chain efficiency.

Furthermore, current alcohol trade reforms focus almost entirely on direct-to-consumer shipments, leaving small businesses burdened by restrictions on wholesale and B2B access to products from other provinces

Recommendations:

- Work with the provinces to modernize and harmonize interprovincial tobacco distribution and stamping rules to create a more streamlined internal market.
- Ensure future trade modernization efforts explicitly cover wholesale and B2B alcohol transactions to simplify operations for convenience retailers and support regional producers.

Conclusion

Canada's convenience stores are indispensable community hubs and crucial partners in government revenue collection. By addressing the contraband crisis, correcting the carbon tax liability, reducing credit card fees, and eliminating internal trade barriers, Budget 2026 can ensure our sector remains viable and continues to serve Canadians from coast to coast to coast.

Summary of Recommendations

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