Contraband Tobacco in British Columbia and Ontario: 2023 – 2025

Impact on Legal Sales and Provincial and Federal Tobacco Tax Revenues

October 2026





Note: This report was funded by the Convenience Industry Council of Canada (CICC) and its members.

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Executive Summary

Evidence and analysis presented in this report indicate that contraband cigarettes accounted for a significant percentage of total market sales in British Columbia and Ontario in 2023, 2024 and 2025. To the extent that contraband sales have replaced legal sales, this likely resulted in a substantial reduction in tobacco tax revenues for the provincial and federal governments and became a lucrative source of revenue for criminal organizations.

Direct measures of the contraband market are not available, so the best indirect alternative way of determining its size is to use available statistics on smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in a given population to estimate total consumption and then subtract from it the known legal consumption. The residual should represent contraband sales, or be a close proxy for these sales.

Using this method and the related assumptions employed here, this report concludes that in 2023 the contraband market may have accounted for between 21.1% and 36% of the total market in British Columbia and between 33.5% and 46.1% of the total market in Ontario.

In 2024 the illicit market possibly grew to between 25.2% and 39.3% of the total market in British Columbia and in Ontario to between 46.1% and 56.2% of the total market.

In 2025 the estimated size of the contraband market may have continued to grow even further in British Columbia to a level of between 32.9% and 45.6% of the total market, while in Ontario it possibly stabilized to a level somewhere between 42.4% and 53.2% of the total market.

To the extent that sales of unregulated and untaxed contraband cigarettes replaced legal sales, this also likely resulted in a substantial leakage of potential tobacco tax revenue in these two provinces. It is estimated here that in BC tobacco tax revenues could have been between $63.3 million and $132.7 million higher in 2023 in the absence of contraband, between $66 million and $126.7 million higher in 2024, and between $82.4 million and $140.4 million higher in 2025.

In Ontario, it is estimated that tobacco tax revenues could possibly have been between $192 million and $325 million higher in 2023, between $282 million and $424 million higher in 2024 and between $215.3 million and $333.2 million higher in 2025.

This does not include the losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes, or possible secondary fiscal effects arising from consumers redirecting expenditures to other goods and services.

Meanwhile, at the federal level the loss in excise duty revenue collected from cigarette sales in these two provinces could possibly have been between $195 million and $343 million higher in 2023; $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

The nature and extent of involvement by organized crime groups is beyond the scope of this report, but the production and sale of contraband cigarettes is clearly seen as a major criminal enterprise in these two provinces.[1]

[1] Law-enforcement reports and published research indicate that organized-crime groups participate in some contraband-tobacco production and distribution (see Section III of this report). This report does not estimate the proportion of contraband activity attributable to organized crime or determine how related proceeds are used.

I. Introduction

This report is the fourth in a series of studies on contraband tobacco commissioned from EY Canada by the Convenience Industry Council of Canada ("CICC"). The terms "contraband market" and "illicit market" are used interchangeably in this report.

This study follows three previous ones. In 2020 EY conducted *The Impact of COVID-19 on Contraband Tobacco and Provincial Tax Revenues in Canada* study for the CICC.[2] Released in December 2020, it established a clear causal link between the temporary closure of unlicensed and untaxed tobacco manufacturing operations and "smoke shops" on First Nations reserves at the onset of the COVID-19 pandemic in mid-March 2020 and a resultant marked uptick in legal cigarette sales across Canada as the available supply of contraband dried up. Legal cigarette sales peaked in June 2020, representing a 24% increase over sales compared to June 2019. Notably, when on-reserve cigarette factories and stores re-opened in July of 2020, legal sales plummeted to pre-pandemic levels as the production and distribution of contraband tobacco products resumed and they quickly regained their lost market share. The increase in legal sales during the shutdown was most dramatic in Atlantic Canada. Legal cigarette sales in the month of June 2020 were up 44.9% in New Brunswick, 47% in PEI and 44.3% in Newfoundland and Labrador, compared to June 2019. The study concluded that temporary travel restrictions on travellers from outside the Atlantic provinces due to COVID-19 (labelled "the Atlantic Bubble") was a major factor restricting the movement of illegal tobacco traffickers.

The second report, released in September 2023, examined the pattern of legal sales for four years from 2019 to 2022 in three provinces: British Columbia, Ontario and Newfoundland & Labrador ("Nfld."). [3] Legal sales data was obtained from the three major manufacturers of tobacco products who are members of the Canadian Tobacco Manufacturers Council ("CTMC"). [4] Since direct measures of contraband are not available, the best indirect alternative is to use available measures of overall smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in Canada to estimate total consumption and then subtract from it the known legal consumption. The residual should represent contraband sales, or be a very close proxy for these sales. Using this method, legal sales volumes in each province were subtracted from the total market (obtained from the annual smoking surveys that Statistics Canada conducts on behalf of Health Canada) to derive estimates of contraband in each province over the four-year time horizon. The report concluded that in 2022 contraband cigarettes likely accounted for at least 32.1 percent of the total market in British Columbia, 38.7 percent in Ontario and 31.1 percent of the market in Newfoundland.

The third report used a similar methodology and structure as the second report and extended the analysis to five additional provinces (Alberta, Manitoba, New Brunswick, Quebec and Nova Scotia) over five years

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[2] See *The Impact of COVID-19 on contraband tobacco and provincial tax revenues in Canada: March-August 2020*, December 2020. https://convenienceindustry.ca/wp-content/uploads/2020/12/Impact-of-COVID-19-on-Contraband-Tobacco-and-Provincial-Tax-revenues-in-Canada_EN-Final.pdf

[3] See *Contraband Tobacco in British Columbia, Ontario and Newfoundland & Labrador: Impact on Legal Sales and Provincial Tobacco Tax Revenues*, September 2023. https://convenienceindustry.ca/wp-content/uploads/2024/09/EY-Report-on-Contraband-Tobacco-in-BC-Ontario-and-Nfld-September-2023.-FINAL.pdf

[4] The CTMC members are Imperial Tobacco Canada Limited ("ITCAN"), Rothman's Benson & Hedges Inc. ("RBH") and Japan Tobacco International ("JTI"). Their sales account for virtually the entire legal sales market in these provinces. This data was obtained under the terms of a Non-Disclosure Agreement ("NDA") and is released here in aggregated format for the industry.

from 2019 to 2023.[5] It estimated that in 2023 contraband likely accounted for 29.4 percent of the total market in Alberta, 45.0 percent in Manitoba, 11.9 percent in Quebec, 52.0 percent in New Brunswick and 38.4 percent in Nova Scotia.

This fourth report provides an estimate of more recent levels of contraband tobacco in the provinces of British Columbia and Ontario over three years from 2023 to 2025. It estimates the likely impact these contraband sales have had in reducing provincial and federal tobacco tax revenues in each of these provinces. It also estimates the size of this segment of the "underground economy" in these two provinces in terms of gross revenue realized from the sale of contraband tobacco in these three years.

Canada's Tobacco Strategy (CTS), established by the federal government in 2016 to address tobacco use in Canada, is designed to achieve a target of less than 5% tobacco use in the Canadian population by 2035.[6] Smoking cessation and reduced cigarette consumption generate significant public-health benefits. The high federal and provincial taxes on tobacco products are designed to contribute to the achievement of that goal. However, to the extent that sales of low-priced, untaxed contraband products replace and exceed the sale of higher-priced legal products, consumption levels may increase meaning reaching this 5% target will be more difficult and may take longer to achieve.

[5] See *Contraband Tobacco in Alberta, Manitoba, Quebec, New Brunswick and Nova Scotia: Impact on Legal Sales and Provincial Tobacco Tax Revenues*, October 2024 https://convenienceindustry.ca/wp-content/uploads/2024/11/EY-Report-on-Contraband-Tobacco-in-Alberta-Manitoba-Quebec-New-Brunswick-and-Nova-Scotia.-October-2024.FINAL_.pdf

[6] Delivering Results: Advancing Canada's Tobacco Strategy. https://www.canada.ca/en/health-canada/services/publications/healthy-living/canada-tobacco-strategy/delivering-results-advancing-canada-tobacco-strategy.html

II. Legal Cigarette Sales Volumes: 2019 to 2025

Annual legal sales volumes from 2019 to 2022 for British Columbia and Ontario were presented in EY's September 2023 report. Legal sales volumes for 2023 to 2025 are presented in Table 1 below. These sales figures were obtained under the terms of a Non-Disclosure Agreement (NDA) from the three tobacco companies comprising the Canadian Tobacco Manufacturers' Council (CTMC), including Japan Tobacco International (JTI), Rothman's, Benson and Hedges Inc. (RBH) and Imperial Tobacco Canada Ltd. (ITCAN). These three companies supply virtually the entire legal tax-paid market in Canada.

Table 1
Legal Cigarette Sales 2023 – 2025
(Millions of sticks)

Calendar Year	British Columbia	Ontario
2023	1,453.4	4,119.9
2024	1,205.4	3,577.2
2025	1,032.3	3,168.7

Sales volumes for years 2019 to 2025 inclusively are presented in Appendix 1 of this report in Tables A1 and A2 and Figures A1 and A2.

As was stated in the 2023 report, legal sales from 2019 to 2022 had fallen quite substantially in both provinces, by 33.1% in British Columbia and by 20.2% in Ontario. This study shows a further decline in legal sales has continued from 2023 to 2025. These sales fell by a further 29% in British Columbia and 23% in Ontario over this period, bringing the total decline in legal sales over the period from 2019 to 2025 to 58.7% in British Columbia and 46.4% in Ontario.

III. Price of Legal Tobacco Products versus Contraband Products

There is a very substantial difference between the price of legal tobacco products and the price of contraband products. Figures 1 and 2 show the average tax-inclusive legal price of a pack of 20 cigarettes in British Columbia and Ontario as of April 2023 and April 2025. A carton of 200 cigarettes cost in the order of $180 in British Columbia and $147 in Ontario in 2024 and in the order of $192 and $159 in 2025. Taxes represent on average about 65 percent of the retail price of cigarettes in Canada. For details on tax rates, see Appendix 2 and on retail prices, see Appendix 3.

Figure 1
Retail Price of a Pack of 20 Cigarettes, April 2023



Figure 2
Retail Price of a Pack of 20 Cigarettes, April 2025



Source: Statista https://www.statista.com/statistics/1307607/canada-regional-price-of-cigarettes/

Table 2
Typical Cost of a Carton of 200 Cigarettes, 2024

	Wholesale	Assumed Retail 10% Margin	Federal Excise Duty	Prov Tobacco Tax	5% GST	7% PST	13% HST	Total Cost
British Columbia	$44.10	$14.63	$37.15	$65.00	$8.04	$11.26	-	$180.18
Ontario	$44.10	$11.82	$37.15	$36.95	-	-	$16.90	$146.92

Table 3
Typical Cost of a Carton of 200 Cigarettes, 2025

	Wholesale	Assumed Retail 10% Margin	Federal Excise Duty	Prov Tobacco Tax	5% GST	7% PST	13% HST	Total Cost
British Columbia	$53.00	$15.62	$38.16	$65.00	$8.59	$12.02	-	$192.39
Ontario	$53.00	$12.81	$38.16	$36.95	-	-	$18.32	$159.24

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/SUAP/2020/taxrates.pdf

By contrast, a carton of 200 contraband cigarettes can cost as little as $30-$40 if purchased at a Smoke Shop located on a First Nations reserve. Untaxed contraband cigarettes produced on First Nations reserves account for virtually the entire contraband market in each province and territory across Canada.[7] The same carton costs between about $35-$55 if purchased off the reserve, either in person through the local contraband "supplier/dealer" network or purchased over the internet from an online platform with home delivery included in the final price. In both cases, the sale off-reserve to non-Indigenous persons is illegal. While some online retailers indicate they operate from First Nations, others are likely managed by organized criminal groups off-reserve.

A number of online websites sell and deliver 'Native Brand' contraband cigarettes anywhere in Canada in violation of Canadian laws.[8] Some offer volume discounts for more than one carton purchased ranging from $50 for 1-4 cartons; $45 for 5-19 cartons; $40 for 20-39 cartons; and $35 for 40+ cartons. Shipping costs are sometimes also volume based, running initially at about $25/carton, but decreasing significantly with volume purchases (e.g., shipping 1-4 cartons costs $25; 5-24 cartons costs $50; 25-49

[7] "Contraband" or "illicit" refer to tobacco products that do not comply with federal and provincial legislation governing production, distribution, importation, packaging & labelling, stamping or marking and remittance of applicable duties and taxes. First Nations individuals are exempt from some taxation provisions under section 87 of the federal *Indian Act* wherein "*the personal property of an Indian or a band on a reserve is exempt from taxation*." Only tobacco products *purchased for personal consumption by status Indians on reserve* are personal property and therefore exempt from federal and provincial sales tax and provincial tobacco tax. See Kathleen Lickers and Peter Griffin, pages 9-10.

[8] For example, under Ontario's *Tobacco Tax Act*, unless otherwise authorized, it is illegal to buy, possess or distribute any quantity of untaxed cigarettes or any other untaxed tobacco products. https://www.ontario.ca/document/tobacco-tax/contraband-tobacco#:~:text=Under%20the%20Tobacco%20Tax%20Act,any%20other%20untaxed%20tobacco%20products.

cartons costs $75; etc.). In other words, shipping costs can be as low as $1.50/carton depending on the per order volume purchased. Other sellers offer a flat rate shipping fee of $35 with a volume limit of 8 cartons (for a shipping cost of $4.37/carton). At one website, shipping is free for orders over $99. Payment is by Interac e-Transfer.

Web pages extracted from four of these websites (Native Cigarettes; Native Smokes 4 Less; Select Smokes; and Buy Cheap Smokes) are illustrative and showcase the wide variety of products offered for sale at low prices:



NATIVE CIGARETTES
www.nativecigarettes.ca

Welcome to Indigenous Territory.

Aanii,

Thank you for visiting www.nativecigarettes.ca, where you can order your native cigarettes online through our website. Fulfilled and operated by home based business's from First Nation Reserves across Canada, we hope to see your support.

Nibiindigek, Miigwetch.

Source: https://www.nativecigarettes.ca/

Home Products About Us Order Support Store Policies Blog My Rewards Refer Friends

Search...

0

Home / Products / Canadian Cigarettes

Prev | Next





Canadian Cigarettes

$40.00

Flavor (optional)

Select

Quantity *

1

Add to Cart

Maximum Order Limit +

Payment Methods +

To Purchase this Product +

Offered while in stock +

Introducing our selection of authentic Canadian cigarettes, featuring a variety of options to suit every preference. Our Canadian Light cigarettes offer a smooth and mellow smoke, while our Full Flavor option delivers a bold and robust flavor. For those who enjoy a cool and refreshing experience, our Menthol cigarettes provide a minty kick. Looking for something unique? Try our Charcoal Full Flavor or Charcoal Light cigarettes, enhanced with activated charcoal for a clean and crisp taste. And for those seeking a lighter option, our Ultralight cigarettes deliver a satisfying smoke without the heaviness. All of our Canadian cigarettes come in a kingsize format and are sold in a carton of 10 packs, each containing 20 cigarettes.

https://www.nativecigarettes.ca/product-page/canadian-cigarettes

Home Products About Us Order Support Store Policies Blog My Rewards Refer Friends

Search...

0

Home / Products / Canadiens Cigarettes

Prev | Next



Canadiens Cigarettes

$35.00

Flavor *

Select

Quantity *

1

Add to Cart

Maximum Order Limit +

Payment Methods +

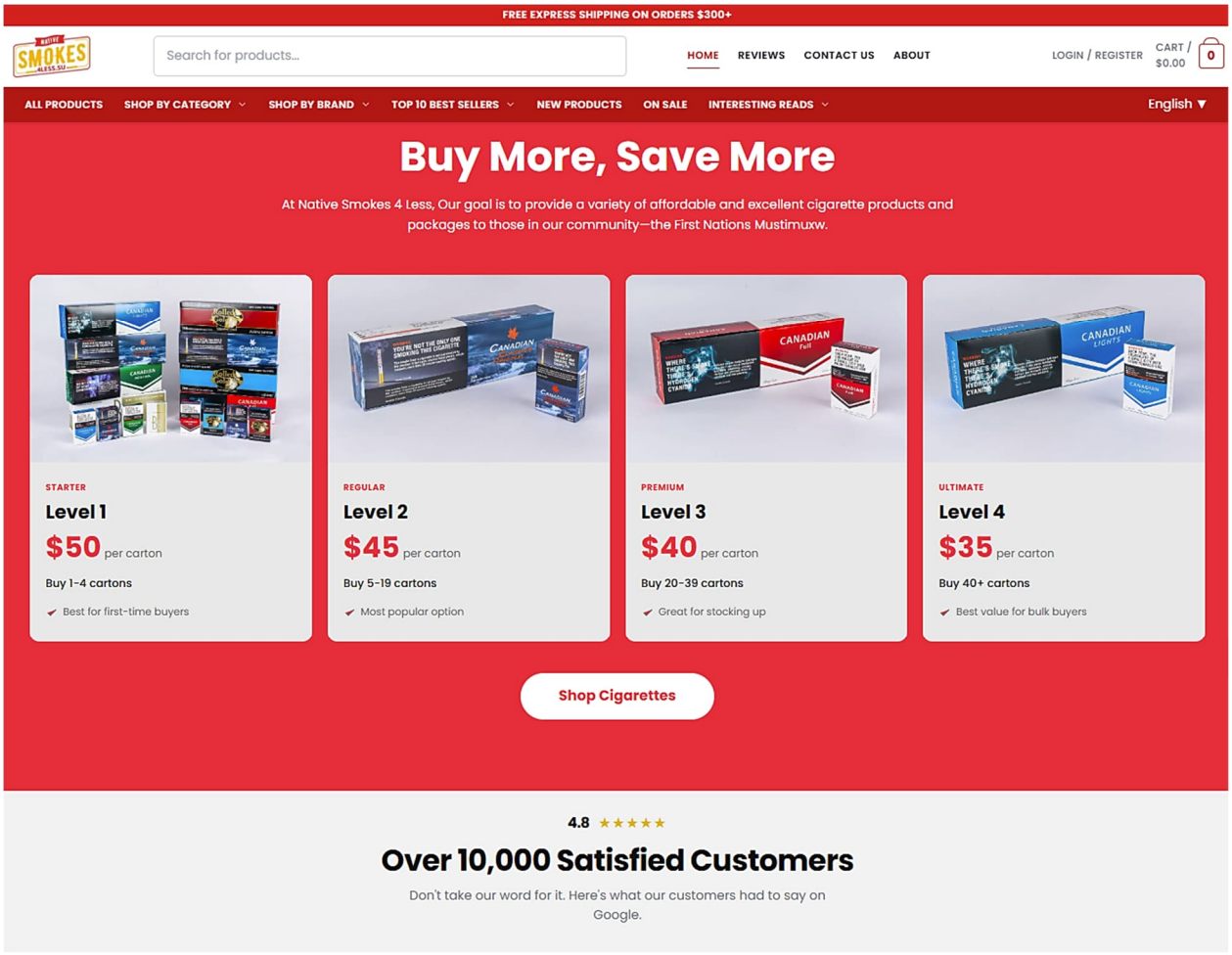
To Purchase this Product +

While Supplies Last +

Canadiens hit our market and quickly became our best seller.
Canadiens come in 5 Flavours: Xtra, Full Flavour, Light, Ultra Lights, & Menthol.
This is our most affordable Brand Yet.
Exceptional smooth taste on your buds and pockectbook!
Xtra bold Flavour for those with EXTRA personalities!

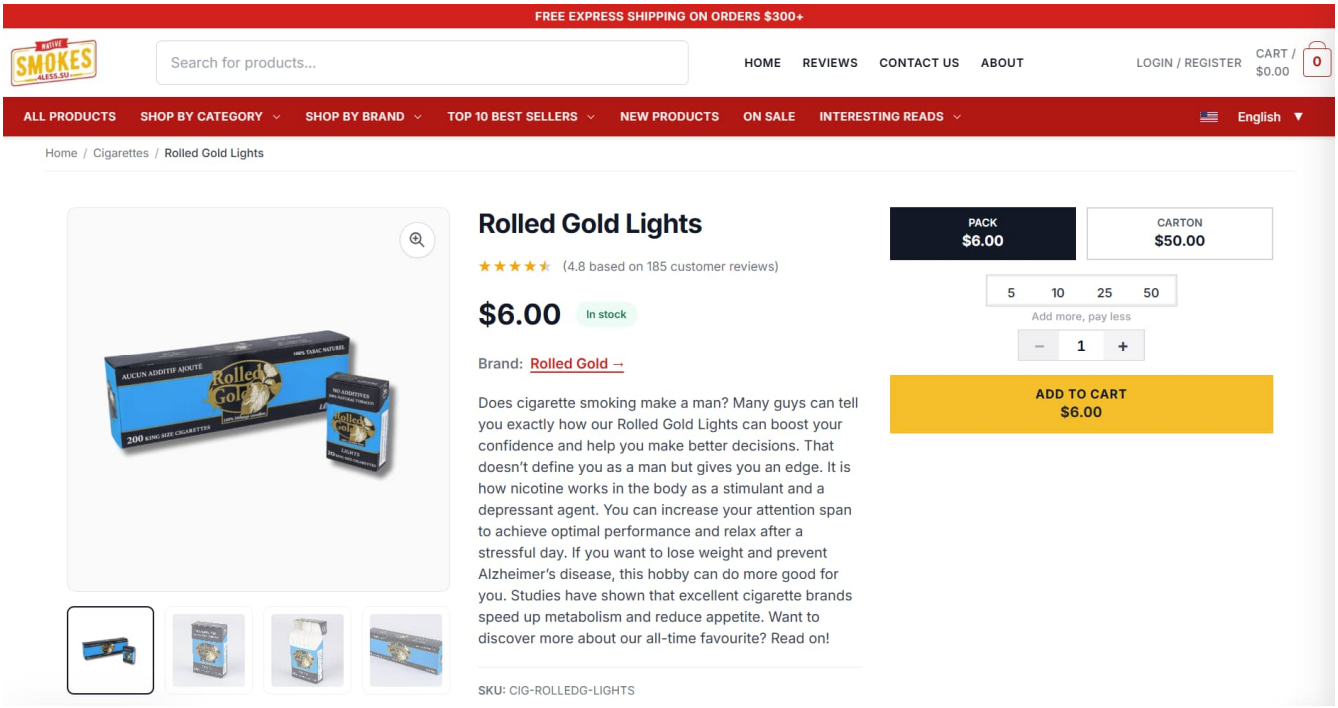
https://www.nativecigarettes.ca/product-page/canadiens-cigarettes

Increased smoking consumption is encouraged on this site by posting discount savings that can be realized from bulk orders:

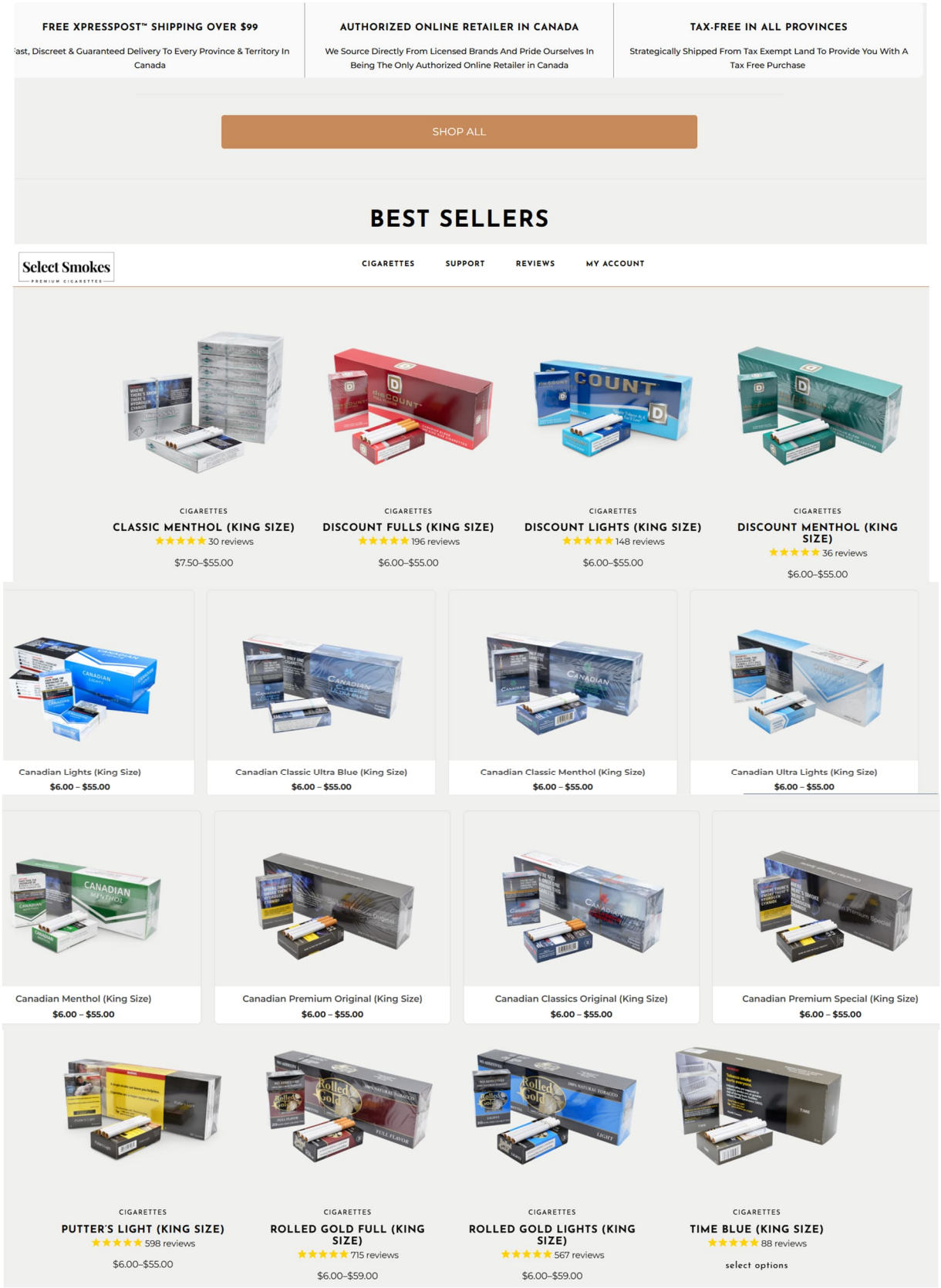


Spurious health claims and statements are also made in certain product descriptions, as the one in the description for “Rolled Gold Lights”, below:

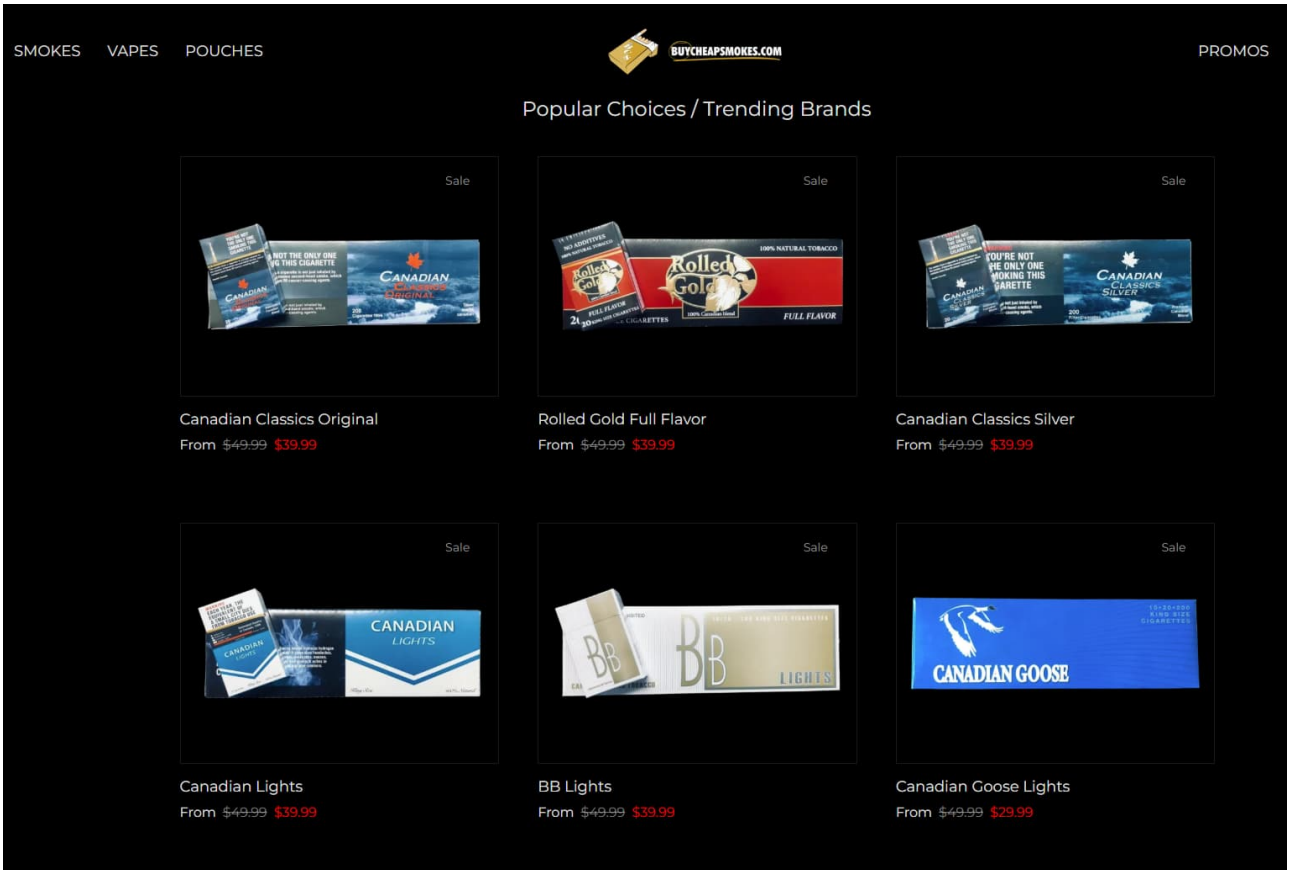
> *Does cigarette smoking make a man? Many guys can tell you exactly how our Rolled Gold Lights can boost your confidence and help you make better decisions. That doesn’t define you as a man but gives you an edge. It is how nicotine works in the body as a stimulant and a depressant agent. You can increase your attention span to achieve optimal performance and relax after a stressful day. If you want to lose weight and prevent Alzheimer’s disease, this hobby can do more good for you. Studies have shown that excellent cigarette brands speed up metabolism and reduce appetite. Want to discover more about our all-time favourite? Read on!*



https://nativesmokes4less.su/product/rolled-gold-lights/



https://selectsmokes.co/



https://buycheapsmokes.com/

It is this significant price difference between the legal and illicit markets that fuels the spread of contraband on the demand side of the market. On the supply side of the market, the larger is this tax-based price differential, the greater is the profitability and financial return from contraband production and sales and the greater is the incentive to supply the market with significant amounts of contraband tobacco products.

It should be noted that federal and provincial tobacco taxes are not being applied on these online sales, in clear violation of federal and provincial licensing and taxing legislation as well as excise stamping and marking requirements, and as the photos show the packages also violate Canadian health legislation, flavour restrictions and various packaging and labelling requirements.

Seizure data is anecdotal, but it corroborates the fact that a significant proportion of the cigarette market is being filled from illicit sources and the brands seized are consistently from the same on-reserve operations in Ontario and Quebec.

For example, an investigation that began in February 2025 dubbed “Project Panda” and included support from the OPP’s Organized Crime Enforcement Bureau, multiple OPP detachments and units, and Six Nations Police resulted in a raid on a Six Nations contraband tobacco manufacturer during which almost $3 million worth of illegal cigarettes were seized. Officers searched vehicles leaving the facility on March 21 and March 27 and seized more than 11 million cigarettes with an estimated street value of $2.8 million, more than 616.8 kg of illegal cannabis products with an estimated street value of approximately $3 million, 15 firearms, and multiple skids of contraband tobacco packing material.

According to the OPP Chief Superintendent of the Organized Crime Enforcement Bureau, the facility was being operated by members of a non-Indigenous criminal network who do not reside on Six Nations of the Grand River Territory.[9]



[9] Brantford Expositor, May 23, 2025. https://www.brantfordexpositor.ca/news/police-shutdown-contraband-tobacco-manufacturing-facility/



In Saskatchewan on January 20, 2026 during a search of a truck and trailer, RCMP officers seized 23 pallets of unstamped tobacco containing approximately 9.1 million illicit cigarettes. The RCMP said the driver, a resident of Brampton, Ont., was found to be in violation of court-ordered conditions requiring him to remain in Ontario "in relation to tobacco-related charges."[10]

On February 21, 2026, after pallets of tobacco products were flagged by Saskatchewan Highway Patrol officers conducting inspections at a weigh scale, RCMP officers in the Swift Current, Saskatchewan area seized 7.2 million cigarettes and arrested two men from Brampton, Ontario with three charges related to unlawful possession of tobacco .[11]

Officers from various police agencies in New Brunswick intercepted more than 4.3 million illicit cigarettes in three major investigations during a four-week period in May and June 2026, adding:

> "Justice and Public Safety Department peace officers say they have seized more than eight million contraband cigarettes in New Brunswick so far during 2026, worth approximately $3.72 million in missed tax revenue for the provincial and federal governments." [12]

On August 26, 2026, Ontario announced that Ministry of Finance investigators conducted tobacco enforcement operations that resulted in the seizure of 4.1 million unmarked cigarettes with charges laid under Ontario's *Tobacco Tax Act* in Burlington in June and July.[13]

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[10] See https://www.ckom.com/2026/01/29/mounties-seize-9-1-million-illegal-cigarettes-after-stopping-truck-in-rm-of-battle-river/

[11] See https://www.ckom.com/2026/02/27/ontario-men-arrested-after-sask-rcmp-highway-patrol-find-millions-of-illegal-cigarettes/

[12] Eli Ridder, The Canadian Press, N.B. police seize 4.3 million contraband cigarettes in four weeks, officials say, August 5, 2026 https://ca.finance.yahoo.com/news/n-b-police-seize-4-141816546.html?guccounter=1

[13] See Ontario Court Newsroom. https://news.ontario.ca/en/court/1007893/province-seizes-41-million-unmarked-cigarettes

IV. Estimating Contraband Market Size using Survey Prevalence Data

The market for contraband tobacco is an integral part of the "underground economy" and so a direct measure of its size is not available. The only way to estimate its likely size is by using other means through indirect measures. One option is to use available empirical data such as police seizures of contraband and extrapolate an "indicative estimate" of the "true size" of the contraband market. This method is far too imprecise.

A better alternative is to use available known measures of overall smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in Canada to estimate total consumption and subtract from it the known legal sales volumes. The residual should represent contraband sales or be a very good proxy for these sales. This is the method used here as well as in the prior two studies.

Statistics Canada conducts two annual smoking prevalence surveys on behalf of Health Canada. The first is the Canadian Tobacco and Nicotine Survey (CTNS) whose main objective is to gather information about the prevalence of cigarette smoking, vaping, and cannabis use in Canada. The second is the Canadian Community Health Survey (CCHS) that also includes questions related to other physical and mental health issues. A third survey, the Canadian Substance Use Survey (CSUS), is conducted every other year and it looks more broadly at the use of tobacco, vaping, cannabis, alcohol, opioids and other substances of concern.[14]

CCHS annual data is used here. From 2001 to 2022 the CCHS collected data from survey respondents aged 12 years and older, and from 2023 onwards from respondents 18 years and older.

Data on annual prevalence levels is available at the provincial level, but data on daily consumption is only available at a national level and only for 2023 and 2024. For this reason, it is assumed here that daily consumption in 2025 was the same as it was in 2024.

The data on prevalence is set out in Tables 5A and 5B for British Columbia and Tables 6A and 6B for Ontario while the data on daily consumption is shown in Figures 3 and 4.

[14] See Statistics Canada, Smoking, vaping and tobacco, Surveys, statistics and research. https://www.canada.ca/en/health-canada/services/smoking-tobacco/surveys-statistics-research.html

Table 5A
Percentage of Adult Smokers, British Columbia, 2019 – 2025

Geography	British Columbia (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Percent						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Percent						
Current smoker, daily or occasional[14, 15, 16, 17]	11.7	10.6	10.3	9.5	9.5	8.1	8.0
Current smoker, daily[14, 15, 16, 17]	7.1	6.2	6.8	6.8	7.0	5.6	5.2

Table 5B
Number of Adult Smokers, British Columbia, 2019 – 2025

Geography	British Columbia (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Number of persons						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Number						
Current smoker, daily or occasional[14, 15, 16, 17]	460,700	439,100	429,900	404,700	413,000	369,900	370,000
Current smoker, daily[14, 15, 16, 17]	279,400	258,000	286,600	288,200	305,600	255,200	242,100

Source: Statistics Canada. Table 13-10-0905-01 Health indicator statistics, annual estimates
DOI: https://doi.org/10.25318/1310090501-eng

Table 6A
Percentage of Adult Smokers, Ontario, 2019 – 2025

Geography	Ontario (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Percent						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Percent						
Current smoker, daily or occasional[14, 15, 16, 17]	14.7	12.5	12.5	11.7	11.1	11.1	9.6
Current smoker, daily[14, 15, 16, 17]	10.0	9.1	8.6	9.1	8.4	8.2	6.7

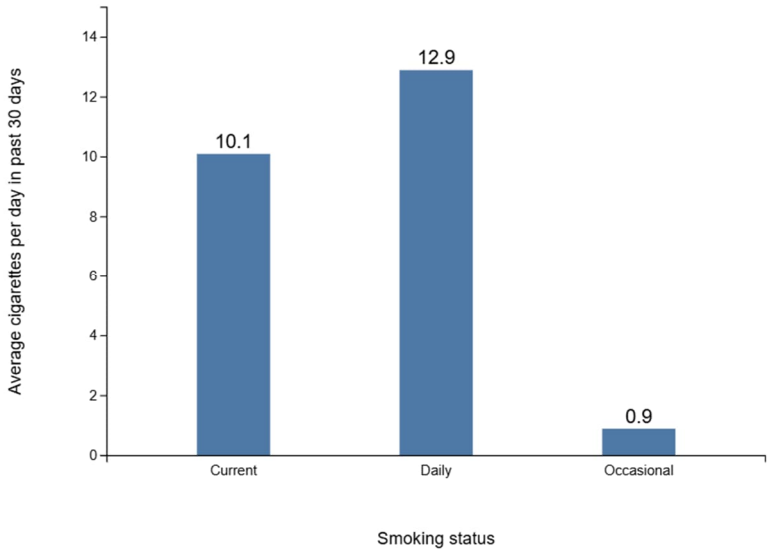
Table 6B
Number of Adult Smokers, Ontario, 2019 – 2025

Geography	Ontario (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Number of persons						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Number						
Current smoker, daily or occasional[14, 15, 16, 17]	1,707,800	1,458,400	1,473,200	1,398,400	1,360,500	1,434,400	1,257,300
Current smoker, daily[14, 15, 16, 17]	1,165,100	1,067,100	1,018,300	1,093,700	1,030,200	1,058,900	871,600

Source: Statistics Canada. Table 13-10-0905-01 Health indicator statistics, annual estimates
DOI: https://doi.org/10.25318/1310090501-eng

Figure 3

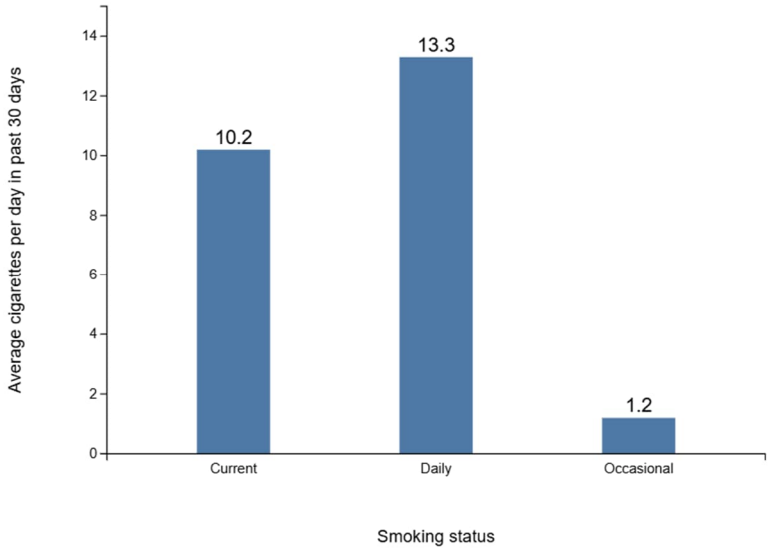
Average number of cigarettes usually smoked per day in the past 30 days among adults, by smoking status, in 2023



Source: Statistics Canada. https://health-infobase.canada.ca/substance-use/tobacco/surveillance/?0=0&1=1&2=3&3=0&4=0&5=0

Figure 4

Average number of cigarettes usually smoked per day in the past 30 days among adults, by smoking status, in 2024



Source: Statistics Canada. https://health-infobase.canada.ca/substance-use/tobacco/surveillance/?0=0&1=0&2=4&3=0&4=0&5=0

One challenge when using survey data to measure the size of the total tobacco market is that the survey respondents typically underestimate their consumption. The accuracy of national surveys has been questioned because of declining response rates and increasing stigmatization of smoking. A downward bias may be expected in surveys that ask respondents questions about habits that could reflect negatively on them, including questions about the frequency of alcohol and tobacco usage and consumption[15]. In the case of tobacco products, this downward bias may be even greater for those respondents who purchase untaxed contraband products rather than legal products.

This same downward bias has been observed in smoking survey data in other jurisdictions. A study from the USA[16] found that smokers underestimate how many cigarettes they smoke by around 40%. A study from Italy[17] found that smokers under-reported their consumption by 35% in 2008 and that this number had grown over time.

A solution is to use an "uplift factor" to adjust the survey results upward by an amount that would offset the underreporting. This was used in the previous reports and is used again here. The rationale and methodology are more fully explained in Appendix 4 of the September 2023 report.[18]

This approach was also used in a Canada Revenue Agency report released in December 2020 entitled "*The Tax Gap for Federal Excise Duty on Cigarettes*" presenting the results of an analysis conducted for 2014. The CRA used CCHS data to measure total cigarette consumption and adjusted the results using an "uplift factor" of 1.54 meaning it assumed that the survey underreported actual prevalence by 35 percent.

The same methodological approach is used here to adjust the survey results upward. Two possible scenarios are assumed and presented below. In Scenario A, the same underreporting assumption of 35 percent and the same uplift factor of 1.54 are used. In Scenario B, a more conservative underreporting assumption of 20 percent is used instead and an uplift factor of 1.25 is derived using the uplift formula.

The results for Scenario A are shown for British Columbia in Table 7A and for Ontario in Table 8A.

The results for the more conservative Scenario B are shown for British Columbia in Table 7B and for Ontario in Table 8B.

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15 See Thierry Gagné, Estimation of smoking prevalence in Canada: Implications of survey characteristics in the CCHS and CTUMS/CTADS, Canadian Journal of Public Health / Revue Canadienne de Santé Publique, Vol. 108, No. 3 (2017).

16 See Alex C Liber, Kenneth E Warner, Has Underreporting of Cigarette Consumption Changed Over Time? Estimates Derived From US National Health Surveillance Systems Between 1965 and 2015, *American Journal of Epidemiology*, Volume 187, Issue 1, January 2018, Pages 113–119, https://doi.org/10.1093/aje/kwx196

17 See Gallus S, Tramacere I, Boffetta P, Fernandez E, Rossi S, Zuccaro P, Colombo P, La Vecchia C. Temporal changes of under-reporting of cigarette consumption in population-based studies. Tobacco Control. 2011 Jan;20(1):34-9. doi: 10.1136/tc.2009.034132. Epub 2010 Sep 21. PMID: 20861005.

18 See https://convenienceindustry.ca/wp-content/uploads/2024/09/EY-Report-on-Contraband-Tobacco-in-BC-Ontario-and-Nfld-September-2023.-FINAL.pdf

Table 7A
Contraband Estimates for British Columbia (x1.54 uplift factor)

		2023	2024	2025
A	% Adult Smokers	9.5	8.1	8.0
B	# Adult Daily Smokers	305,600	255,200	242,100
C	# Adult Occasional Smokers (D - B)	107,400	114,700	127,900
D	# Adult Daily and Occasional Smokers	413,000	369,900	370,000
E	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
F	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
G	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.54 Uplift Factor	(1,438,917,600 + 35,280,900) = 1,474,198,500 x 1.54 = 2,270,265,690	(1,238,868,400 + 50,238,600) = 1,289,107,000 x 1.54 = 1,985,224,780	(1,175,274,450 + 56,020,200) = 1,231,294,450 x 1.54 = 1,896,193,453
H	Annual Legal Sales	1,453,422,515	1,205,376,265	1,032,292,830
I	Estimated Annual Contraband Sales (G – H)	816,843,175	779,848,515	863,900,623
J	Estimated Contraband Market Share (%) (I ÷ G x 100)	36.0%	39.3%	45.6%

Table 8A
Contraband Estimates for Ontario (x1.54 uplift factor)

		2023	2024	2025
A	% Adult Smokers	11.1	11.1	9.6
B	# Adult Daily Smokers	1,030,200	1,058,900	871,600
C	# Adult Occasional Smokers (D - B)	330,300	375,500	385,700
D	# Adult Daily and Occasional Smokers	1,360,500	1,434,400	1,257,300
E	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
F	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
G	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.54 Uplift Factor	(4,850,696,700 + 108,503,550) = 4,959,200,250 x1.54 = 7,637,168,385	(5,140,430,050 + 164,469,000) = 5,304,899,050 x 1.54 = 8,169,544,537	(4,231,182,200 + 168,936,600) = 4,400,118,800 x 1.54 = 6,776,182,952
H	Annual Legal Sales	4,119,969,237	3,577,222,260	3,168,671,760
I	Estimated Annual Contraband Sales (G – H)	3,517,199,148	4,592,319,277	3,607,511,192
J	Estimated Contraband Market Share (%) (I ÷ G x 100)	46.1%	56.2%	53.2%

Table 7B
Contraband Estimates for British Columbia (x1.25 uplift factor)

		2023	2024	2025
A	% Adult Smokers	9.5	8.1	8.0
B	# Adult Daily Smokers	305,600	255,200	242,100
C	# Adult Occasional Smokers (D - B)	107,400	114,700	127,900
D	# Adult Daily and Occasional Smokers	413,000	369,900	370,000
E	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
F	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
G	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.25 Uplift Factor	(1,438,917,600 + 35,280,900) = 1,474,198,500 x 1.25 = 1,842,748,125	(1,238,868,400 + 50,238,600) = 1,289,107,000 x 1.25 = 1,611,383,750	(1,175,274,450 + 56,020,200) = 1,231,294,450 x 1.25 = 1,539,118,062
H	Annual Legal Sales	1,453,422,515	1,205,376,265	1,032,292,830
I	Estimated Annual Contraband Sales (G – H)	389,325,610	406,007,485	506,825,232
J	Estimated Contraband Market Share (%) (I ÷ G x 100)	21.1%	25.2%	32.9%

Table 8B
Contraband Estimates for Ontario (x1.25 uplift factor)

		2023	2024	2025
A	% Adult Smokers	11.1	11.1	9.6
B	# Adult Daily Smokers	1,030,200	1,058,900	871,600
C	# Adult Occasional Smokers (D - B)	330,300	375,500	385,700
D	# Adult Daily and Occasional Smokers	1,360,500	1,434,400	1,257,300
E	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
F	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
G	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.25 Uplift Factor	(4,850,696,700 + 108,503,550) = 4,959,200,250 x1.25 = 6,199,000,312	(5,140,430,050 + 164,469,000) = 5,304,899,050 x 1.25 = 6,631,123,812	(4,231,182,200 + 168,936,600) = 4,400,118,800 x 1.25 = 5,500,148,500
H	Annual Legal Sales	4,119,969,237	3,577,222,260	3,168,671,760
I	Estimated Annual Contraband Sales (G – H)	2,079,031,075	3,053,901,552	2,331,476,740
J	Estimated Contraband Market Share (%) (I ÷ G x 100)	33.5%	46.1%	42.4%

This analysis concludes that in 2023 the contraband market in British Columbia could have accounted for between 21.1% and 36% of the total market and in Ontario between 33.5% and 46.1% of the total market.[19]

In 2024 the illicit market may have grown to between 25.2% and 39.3% of the total market in British Columbia and to between 46.1% and 56.2% of the total market in Ontario.

In 2025 the illicit market may have continued to grow to between 32.9% and 45.6% of the total market in British Columbia, while in Ontario it may have stabilized somewhat but at a very high level of between 42.4% and 53.2% of the total market.

[19] It is recognized here that legal sales have been declining not only because of smokers switching from legally purchased cigarettes to contraband cigarettes, but also because some smokers have successfully quit smoking altogether or have switched to vaping products and are in the process of quitting smoking, This has no impact on the accuracy of the calculations and results here, however, because there would be an equivalent decline in reported smoking prevalence in the surveys matching the decline in legal sales data. The difference in total consumption measured from the surveys and legal sales as calculated here should still represent the proportion of contraband in the total market. That said, this methodology and available data cannot entirely eliminate or account for potential effects arising from survey measurement, consumption intensity or timing differences between survey and legal-sales data.

V. Quantification of Potential Provincial and Federal Tobacco Tax Revenue Loss

Section IV of the report estimated the annual size of the contraband market in terms of the absolute volume of contraband cigarettes sold, as well as by the percentage of the total market legal and contraband products represented each year.

This section of the report provides a quantitative estimate of the potential revenue shortfall these two provinces may have suffered in the last three fiscal years as a result of contraband sales.

This estimation involves a comparison of revenues that were actually collected each year (call this the "Baseline Scenario") and alternative scenarios where purchases of at least some of the untaxed contraband would have been replaced by purchases of legal products taxed at the provincial tobacco tax rate ("Counterfactual Scenarios A and B").

Multiplying the provincial tax tobacco rate by the quantity of all contraband cigarettes estimated to have been sold each year would establish the upper feasible bound for the tobacco tax revenue loss, but this would likely represent an unrealistically high estimate of the revenue loss because a good portion of these untaxed contraband purchases would not likely have continued to be purchased by smokers at the much higher tax-inclusive price. Smokers of contraband would instead attempt to cut back considerably on their purchases rather than purchase the same quantities of cigarettes at the higher legal price.

For this reason, both the two counterfactual scenarios A and B instead assume consumers of contraband cigarettes manage to reduce their consumption by one half through some combination of reduced smoking prevalence and reduced consumption rather than purchasing the same quantities of tax-paid cigarettes. In other words, the likely provincial revenue loss each year is calculated on the basis of the tobacco tax rate times one half the quantity of contraband cigarettes estimated to have been sold that year. The calculations are shown in Appendix 2, and the results are summarized here in Table 9A (for Scenario A, as summarized in Tables 7A and 8A) and Table 9B (for Scenario B, as summarized in Tables 7B and 8B).

The results show a substantial leakage of tobacco tax revenue for these two provinces. In BC, if half the contraband sales had instead been legal sales, in 2023 tobacco tax revenues could have been between $63.3 million and $132.7 million higher, which translates into an increase of at least 13.3% and possibly as much as 27.8% compared to what was actually collected that year ($477 million actually collected compared to total revenue that would have been collected of between $540.3 million to $609.7 million).

In 2024 there could have been an increase in tobacco tax revenue collected of between $66 million and $126.7 million, which translates into an increase of from 16% to 30.8% compared to what was actually collected that year ($412 million actually collected compared to total revenue that would have been collected of $478 million to $538.78 million). In 2025 there could have been an increase in revenue of between $82.4 million and $140.4 million.

In Ontario, if even half these contraband sales had instead been legal sales, tobacco tax revenues could have been between $192 million and $325 million higher in 2023, representing a 19% to 29% increase compared to what was actually collected that year ($813 million actually collected compared to the total revenue that would have been collected of between $1.0 billion and $1.14 billion), and there could have been an increase of between $282 million and $424 million in 2024, representing somewhere between a 40% to 61% increase that year in what they actually collected ($693 million actually collected compared to revenue that would likely have been collected of between $975 million and $1.12 billion). In 2025 there could have been an increase in revenue of between $215.3 million and $333.2 million.

This does not include the possible losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes, or secondary fiscal effects arising from consumers redirecting expenditures to other goods and services.

Table 9A
Upper-Bound Estimate of Tobacco Tax Revenue Loss by Province:
2023 – 2025

Year	British Columbia	Ontario
2023	$132,737,015	$324,901,271
2024	$126,725,383	$424,215,493
2025	$140,383,851	$333,243,846

Table 9B
Lower-Bound Estimate of Tobacco Tax Revenue Loss by Province:
2023 – 2025

Year	British Columbia	Ontario
2023	$63,265,411	$192,050,495
2024	$65,976,216	$282,104,155
2025	$82,359,100	$215,370,163

Table 10A
Upper-Bound Estimate of Federal Excise Duty Revenue Loss:
2023 – 2025

Year	In British Columbia	In Ontario	TOTAL
2023	$64,662,939	$278,428,519	$343,091,458
2024	$72,434,669	$426,548,391	$498,983,060
2025	$82,408,344	$344,124,100	$426,532,444

Table 10B
Lower-Bound Estimate of Federal Excise Duty Revenue Loss:
2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$30,819,793	$164,580,258	$195,400,051
2024	$37,711,193	$283,655,537	$321,366,730
2025	$48,346,565	$222,401,897	$270,748,462

The likely reductions in federal excise duty are shown for scenario A in Table 10A and for scenario B in Table 10B. In the absence of competing sales of untaxed contraband cigarettes, it is estimated here that federal revenues could have been between $195 million and $343 million higher in 2023; between $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

The federal and provincial governments have acknowledged for many years that contraband tobacco is a serious problem. Evaluating the effectiveness of the policy measures and enforcement actions they have implemented to date is beyond the scope of this report, but they have clearly not been sufficient to stem the growing tide of contraband.[20]

Tables 11A and 11B present estimates of the gross revenue realized by sellers of contraband cigarettes in

[20] The government of Quebec has been the most proactive in the area of tobacco enforcement, resourcing and interdiction and as a result the proportion of contraband there appears to have stabilized at much lower levels in recent years.

these two provinces in 2023, 2024 and 2025. The gross revenue is derived by multiplying the estimated volume of contraband sold in each province under each assumed scenario by an assumed average retail price of $40/carton of 200 cigarettes.

Table 11A

Scenario A: Estimated Upper Bound Gross Revenue from Contraband Production and Sale by Province: 2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$163,368,635	$703,439,829	$866,808,464
2024	$155,969,703	$918,463,855	$1,074,433,558
2025	$172,780,124	$721,502,238	$894,282,362

Table 11B

Scenario B: Estimated Lower Bound Gross Revenue from Contraband Production and Sale by Province: 2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$77,865,122	$415,806,215	$493,671,337
2024	$81,201,497	$610,780,310	$691,981,807
2025	$101,365,046	$466,295,348	$567,660,394

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

VI. Conclusions

The evidence and analysis presented in this report show that contraband cigarettes likely continue to account for a significant percentage of total market sales in British Columbia and Ontario, that this results in a substantial reduction in tobacco tax revenues for the provincial and federal governments and it is a lucrative source of revenue for criminal organizations.

This analysis concludes that in 2023 the contraband market in British Columbia possibly accounted for between 21.1% and 36% of the total market and in Ontario between 33.5% and 46.1% of the total market.

In 2024 the illicit market had possibly grown to between 25.2% and 39.3% of the total market in British Columbia and in Ontario to between 46.1% and 56.2% of the total market.

In 2025 the estimated size of the contraband market possibly grew even further in British Columbia to a level of between 32.9% and 45.6% of the total market, while in Ontario it possibly stabilized to a level somewhere between 42.4% and 53.2% of the total market.

Sales of unregulated and untaxed contraband cigarettes result in a substantial leakage of potential tobacco tax revenue for these two provinces. In BC, if half the estimated contraband sales had instead been legal sales, in 2023 tobacco tax revenues could have been between $63.3 million and $132.7 million higher, which translates into an increase of at least 13.3% and possibly as much as 27.8% compared to what was actually collected that year ($477 million actually collected compared to total revenue that could have been collected of between $540.3 million to $609.7 million).

In 2024 there could have been an increase in tobacco tax revenue collected of between $66 million and $126.7 million, which translates into 16% to 30.8% more than was actually collected that year ($412 million actually collected compared to total revenue that could have collected of $478 million to $538.8 million). In 2025 there could have been an increase in tobacco tax revenues of between $82.4 million and $140.4 million.

In Ontario, if even half these contraband sales had instead been legal sales, tobacco tax revenues could have been between $192 million and $325 million higher in 2023, representing a 19% to 29% increase compared to what was actually collected that year ($813 million actually collected compared to the total revenue that could have been collected of between $1.0 billion and $1.14 billion), and there could have been an increase of between $282 million and $424 million in 2024, representing somewhere between a 40% to 61% increase that year in what they actually collected ($693 million actually collected compared to revenue that could likely have been collected of between $975 million and $1.12 billion). In 2025 there could have been an increase in tax revenue of between $215.3 million and $333.2 million.

This does not include the losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes.

Meanwhile, at the federal level, it is estimated here that excise duty revenue collected by the federal government from cigarette sales in these two provinces alone could have been between $195 million and $343 million higher in 2023; between $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

Some of this gross revenue is used to cover contraband production, distribution and sale costs. The rest is realized profit. Where that profit goes and what it finances is beyond the scope of this study, but the distribution and sale of contraband cigarettes is clearly seen as a major criminal enterprise in these two provinces.

The nature and extent of involvement by organized crime groups in the production, distribution and sale of contraband tobacco products is beyond the scope of this report. However, there is considerable anecdotal evidence of their involvement and some portion of the profit from the revenues that are estimated here is seen as financing their other criminal activities.[21] The Royal Canadian Mounted Police (RCMP) has stated that "Revenues from contraband tobacco often support organized crime activities, such as drug trafficking, human trafficking, and firearms smuggling."[22]

[21] See for example, Christian Leuprecht, *Smoking Gun: Strategic Containment of Contraband Tobacco and Cigarette Trafficking in Canada*, Part 3: Organized Crime and Contraband, pages 22-27.

[22] Royal Canadian Mounted Police, August 13, 2025, News Release, "Nearly $500K in tobacco seized at the Cornwall border this spring". https://rcmp.ca/en/news/2025/08/nearly-500k-tobacco-seized-cornwall-border-spring

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Appendix 1

Legal Cigarette Sales in British Columbia and Ontario, 2019 – 2025

Table A1

British Columbia (millions of sticks)

YEAR	2019	2020	2021	2022	2023	2024	2025
Total	2,498.3	2,365.5	2,108.0	1,672.2	1,453.4	1,205.4	1,032.3

Table A2

Ontario (millions of sticks)

YEAR	2019	2020	2021	2022	2023	2024	2025
Total	5,909.9	5,825.7	5,261.7	4,714.7	4,119.9	3,577.2	3,168.7

Figure A1

British Columbia Legal Cigarette Sales, 2019 to 2025
(Millions of sticks)

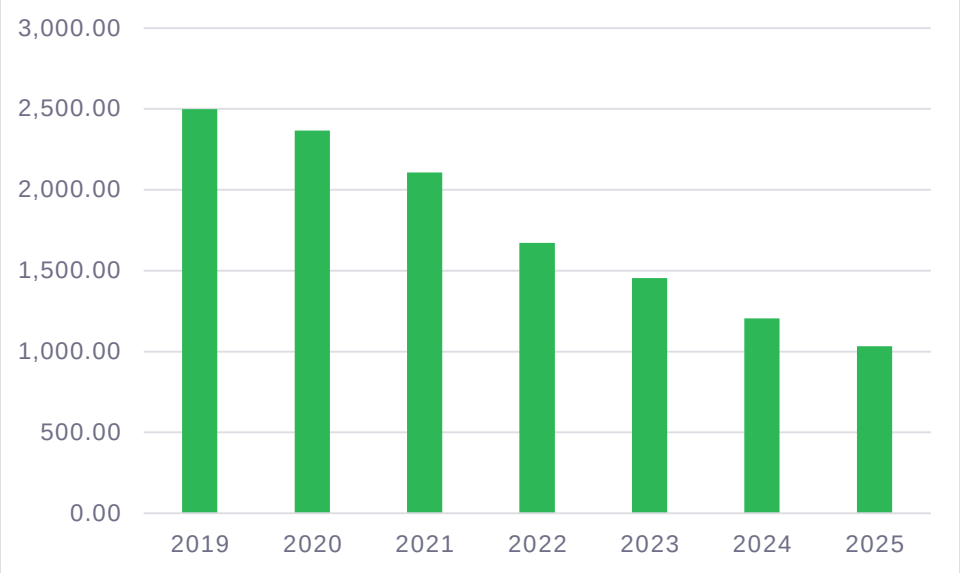
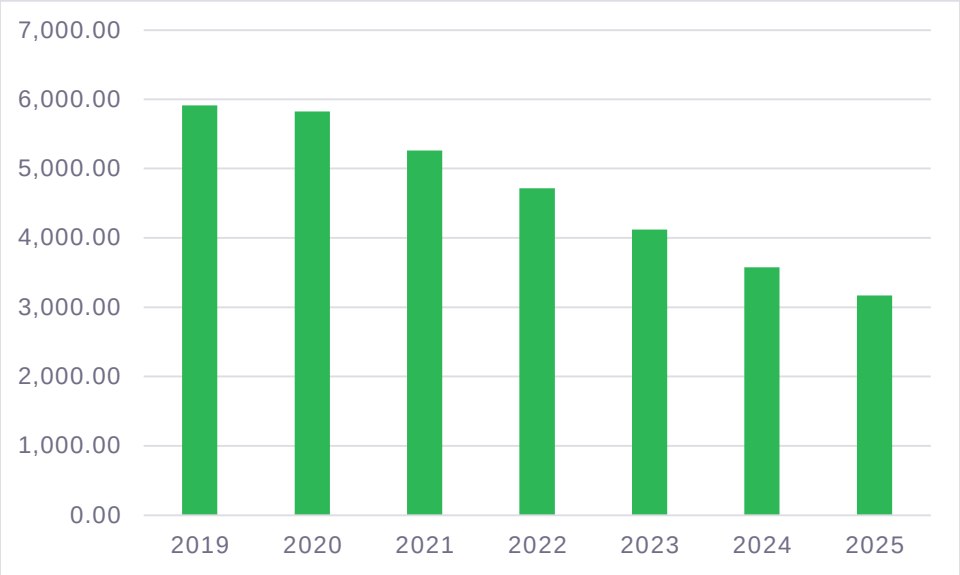


Figure A2
Ontario Legal Cigarette Sales, 2019 to 2025
(Millions of sticks)



Appendix 2

Tobacco Tax Rates, 2023 – 2026

Federal Excise duty on cigarettes

Product	Rate effective April 1, 2026	Rate effective April 1, 2025 to March 31, 2026	Rate effective April 17,2024 to March 31, 2025	Rate effective April 1 to April 16, 2024	Rate effective April 1, 2023 to March 31, 2024	Rate effective April 1, 2022 to March 31, 2023
Cigarettes[1]	$0.97299	$0.95391	$0.92883	$0.82883	$0.79162	$0.74470

[1] Rates are per 5 cigarettes or fraction of 5 cigarettes contained in any package

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edrates/excise-duty-rates.html#_Toc527013627

British Columbia tobacco tax

$0.325/cigarette = $8.125/pack of 25 (effective July 1, 2021; effective July 1, 2022, 7% PST also applies)

https://www2.gov.bc.ca/gov/content/taxes/sales-taxes/tobacco-tax

Ontario tobacco tax

$0.18475/cigarette = $4.6187/pack of 25 (effective March 29, 2018)

https://www.fin.gov.on.ca/en/tax/tt/

Tobacco Tax Revenue Collected, 2023 – 2025

Federal

Description	use in the current year	used in the current year	used in the previous year
Canada Revenue Agency			
Budgetary (respendable revenues)			
Benefits	133,730	133,730	138,099
Tax	391,287,112	391,287,112	403,101,448
Internal Services	94,279,006	94,279,006	88,723,574
Total Ministry—Budgetary	**485,699,848**	**485,699,848**	**491,963,121**

Canada Revenue Agency		
Tax revenues		
Income tax		
Personal	*200,075,557,567*	*186,295,671,284*
Corporate		
Corporate	93,593,342,631	79,119,825,835
Canadian Emergency Wage Subsidy	167,324,055	420,425,285
Canadian Emergency Rent Subsidy	56,358,130	148,507,336
Canada Recovery Hiring Program	1,726,336	1,786,534
Tourism and Hospitality Recovery Program—Wage (Industry portion)	9,105,481	274,861
Tourism and Hospitality Recovery Program—Wage (Lockdown portion)	1,784,929	1,180,506
Tourism and Hospitality Recovery Program—Rent (Industry portion)	2,435,645	(1,005,548)
Tourism and Hospitality Recovery Program—Rent (Lockdown portion)	1,436,067	1,744,539
Hardest-hit Business Recovery Program—Wage	4,747,340	8,273,154
Hardest-hit Business Recovery Program—Rent	14,794,368	2,960,294
	93,853,054,982	*79,703,972,796*
Non-residents	*13,528,340,535*	*12,540,774,790*
	307,456,953,084	278,540,418,870
Goods and services tax (GST)/Harmonized sales tax (HST)	28,534,547,477	27,901,979,179
Government tax remission order	(3,524,773,569)	(3,317,307,681)
Credit to persons	(6,266,125,515)	(5,974,832,368)
	18,743,648,393	18,609,839,130
Excise tax—Motive fuel—Gasoline	4,286,388,296	4,257,169,326
Excise tax—Aviation gasoline and diesel fuel		
Aviation gasoline and jet fuel	92,094,718	142,521,717
Diesel fuel	1,197,293,884	1,123,273,537
	1,289,388,602	1,265,795,254
Excise duties		
Spirits	920,437,845	846,371,468
Beer	598,106,853	568,185,788
Spirit coolers	108,843,760	130,951,354
Wine	333,225,036	386,706,100
Cigarettes	1,550,568,297	1,433,570,097
Cigars	4,837,009	12,318,612
Manufactured tobacco	46,926,375	52,387,134

Source: Public Accounts of Canada 2025, Volume II, Details of Expenses and Revenues.
https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2025/pdf/2025-vol2-eng.pdf

CRA Excise Duty on Cigarettes, 2023-24: $1,433,570,097
CRA Excise Duty on Cigarettes, 2024-25: $1,550,568,297

Canada Border Services Agency

Tax revenues		
Goods and services tax (GST)/Harmonized sales tax (HST)	33,799,772,589	32,840,998,728
Government tax remission order	(40,615,480)	(34,397,067)
	33,759,157,109	32,806,601,661
Excise tax—Motive fuel—Gasoline	74,272,854	76,069,657
Customs import duties	6,263,907,425	5,571,190,163
Excise duties		
Spirits	7,366,132	288,890
Beer	70,028,788	69,480,301
Cigarettes	1,158,816,474	988,314,556
Cigars	55,023,559	36,872,859
Canadian raw leaf tobacco	49,678,688	77,967,400
Cannabis products	70	–
Vaping products	211,105,208	246,032,168
	1,552,018,919	1,418,956,174
Other excise taxes and duties—Manufacturers' taxes		
Automobiles	705,350	3,689,154
Automotive air conditioners	25,264,277	24,954,131
Wines	8,017,243	4,150,957
Luxury Tax	9,158,426	2,621,044
Jewellery	452	–
Sundries	4,410,376	949,849
	47,556,124	36,365,135
Total tax revenues	**41,696,912,431**	**39,909,182,790**
Interest and penalties	63,893,244	178,065,646
Other miscellaneous revenues		
Court fines	43,366,326	188,588
Seizures	9,387,453	7,559,087
Sundries	2,511,874	2,334,875
	119,158,897	188,148,196
Total other revenues	**169,271,364**	**229,010,800**
Total Agency	**41,866,183,795**	**40,138,193,590**
Canadian Security Intelligence Service		
Other revenues		
Return on investments		
Other accounts		
Interest on bank deposits	16,232	14,437
Refunds and adjustments		
Refunds of previous years' expenditures	776,509	331,338
Adjustments to prior year's payables	168,016	223,181
Recovery of salary overpayment, receivable transferred from other government departments	10,268	2,710
	954,793	557,229
Sales of goods and services		
Lease and use of public property		
Deferred revenues	10,480	–
Services of a regulatory nature	994,395	936,405
Other fees and charges	2,974,940	2,513,957
	3,979,815	3,450,362

Public Accounts of Canada 2024–2025 473 **Section 27—Public Safety**

Source: Public Accounts of Canada 2025, Volume II, Details of Expenses and Revenues.
https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2025/pdf/2025-vol2-eng.pdf

CBSA Excise Duty on Cigarettes, 2023-24: $988,314,556
CBSA Excise Duty on Cigarettes, 2024-25: $1,158,816,474

Total excise duty on cigarettes, 2023-24: $1,433,570,097 + $988,314,556 = $2,421,884,653
Total excise duty on cigarettes, 2024-25: $1,550,568,297 + $1,158,816,474= $2,709,384,771

British Columbia

2023/24 Updated Financial Forecast *(Third Quarterly Report)*

Table 4.7 2023/24 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2023/24			Actual	2023/24			Actual
($ millions)	Budget	Actual	Variance	2022/23 [1]	Budget	Forecast	Variance	2022/23
Taxation								
Personal income	11,827	11,888	61	12,750	15,953	16,442	489	17,268
Corporate income	4,614	3,787	(827)	6,372	5,938	6,085	147	9,156
Employer health	2,048	2,059	11	2,045	2,731	2,773	42	2,720
Sales [2]	7,679	7,928	249	7,586	10,187	10,362	175	9,818
Fuel	809	787	(22)	798	1,072	1,030	(42)	1,021
Carbon	1,985	1,886	(99)	1,542	2,811	2,650	(161)	2,161
Tobacco	455	399	(56)	444	565	510	(55)	531
Property	2,593	2,669	76	2,336	3,488	3,592	104	3,253
Property transfer	1,428	1,625	197	1,950	1,799	1,950	151	2,293
Insurance premium	586	615	29	592	780	825	45	804
	34,024	**33,643**	**(381)**	**36,415**	**45,324**	**46,219**	**895**	**49,025**
Natural resource								
Natural gas royalties	1,505	576	(929)	1,662	2,016	684	(1,332)	2,255
Forests	589	501	(88)	1,445	846	691	(155)	1,887
Other natural resource revenues [3]	1,424	1,228	(196)	1,478	1,902	1,640	(262)	2,056
	3,518	**2,305**	**(1,213)**	**4,585**	**4,764**	**3,015**	**(1,749)**	**6,198**
Other revenue								
Post-secondary education fees	1,916	1,975	59	1,834	2,770	2,837	67	2,651
Fees and licenses [4]	1,627	1,755	128	1,592	2,412	2,525	113	2,277
Investment earnings	1,128	1,206	78	1,041	1,349	1,335	(14)	1,316
Miscellaneous [5]	2,676	3,400	724	3,185	3,989	4,154	165	4,445
	7,347	**8,336**	**989**	**7,652**	**10,520**	**10,851**	**331**	**10,689**
Contributions from the federal government								
Health and social transfers	6,728	7,101	373	6,525	8,970	9,386	416	8,769
Other federal government contributions [6]	2,232	1,987	(245)	1,713	4,623	4,642	19	3,757
	8,960	**9,088**	**128**	**8,238**	**13,593**	**14,028**	**435**	**12,526**
Commercial Crown corporation net income								
BC Hydro [7]	367	344	(23)	342	712	314	(398)	360
Liquor Distribution Branch	927	935	8	958	1,150	1,150	-	1,199
BC Lottery Corporation [8]	1,080	1,055	(25)	1,208	1,456	1,416	(40)	1,584
ICBC [9]	69	617	548	(372)	-	140	140	(197)
Other [10]	147	159	12	143	171	187	16	152
	2,590	**3,110**	**520**	**2,279**	**3,489**	**3,207**	**(282)**	**3,098**
Total revenue	**56,439**	**56,482**	**43**	**59,169**	**77,690**	**77,320**	**(370)**	**81,536**

[1] Restated to reflect government's current accounting policies.
[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.
[3] Columbia River Treaty, other energy and minerals, water rental and other resources.
[4] Healthcare-related, motor vehicle, and other fees.
[5] Includes reimbursements for health care and other services provided to external agencies, and other recoveries.
[6] Includes contributions for health, education, community development, housing and social service programs, transportation projects and payments under the *Disaster Financial Assistance Arrangements*.
[7] Includes the $340 million cost of the BC Electricity Affordability Credit. Total cost of the credit is $370 million, which includes non-BC Hydro customers.
[8] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.
[9] 2022/23 full year actual does not include non-controlling interest and will be restated in future quarterly reports to reflect the adoption of IFRS 9 and IFRS 17.
[10] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2024 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2024/pdf/2024_budget_and_fiscal_plan.pdf

Table 4.7 2024/25 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2024/25			Actual	2024/25			Actual
($ millions)	Budget	Actual	Variance	2023/24 [1]	Budget	Forecast	Variance	2023/24
Taxation								
Personal income	12,319	12,693	374	11,888	16,638	17,027	389	16,443
Corporate income	5,217	4,689	(528)	3,787	8,236	8,262	26	6,085
Employer health	2,116	2,358	242	2,059	2,803	3,130	327	2,886
Sales [2]	8,278	8,010	(268)	7,928	10,762	10,412	(350)	10,330
Fuel	808	765	(43)	787	1,020	963	(57)	982
Carbon	1,833	1,825	(8)	1,886	2,565	2,558	(7)	2,642
Tobacco	406	352	(54)	399	510	450	(60)	477
Property	2,800	2,852	52	2,669	3,779	3,839	60	3,605
Property transfer	1,610	1,589	(21)	1,625	2,055	2,020	(35)	1,993
Insurance premium and other	629	649	20	615	846	871	25	853
	36,016	**35,782**	**(234)**	**33,643**	**49,214**	**49,532**	**318**	**46,296**
Natural resource								
Natural gas royalties	556	400	(156)	576	754	576	(178)	823
Forests	478	396	(82)	501	689	501	(188)	657
Other natural resource revenues [3]	1,284	912	(372)	1,228	1,707	1,257	(450)	1,663
	2,318	**1,708**	**(610)**	**2,305**	**3,150**	**2,334**	**(816)**	**3,143**
Other revenue								
Post-secondary education fees	2,042	2,040	(2)	1,975	2,937	2,874	(63)	2,840
Other fees and licenses [4]	1,734	1,857	123	1,761	2,531	2,607	76	2,427
Investment earnings	1,156	1,664	508	1,205	1,424	1,874	450	1,718
Miscellaneous [5]	3,182	3,772	590	3,400	4,508	4,963	455	4,988
	8,114	**9,333**	**1,219**	**8,341**	**11,400**	**12,318**	**918**	**11,973**
Contributions from the federal government								
Health and social transfers	7,106	7,155	49	7,101	9,475	9,544	69	9,390
Other federal government contributions [6]	2,696	2,316	(380)	1,987	4,971	4,645	(326)	4,344
	9,802	**9,471**	**(331)**	**9,088**	**14,446**	**14,189**	**(257)**	**13,734**
Commercial Crown corporation net income								
BC Hydro	392	324	(68)	344	712	572	(140)	323
Liquor Distribution Branch	889	891	2	935	1,090	1,076	(14)	1,148
BC Lottery Corporation [7]	990	984	(6)	1,055	1,323	1,284	(39)	1,429
ICBC	40	1,222	1,182	617	-	1,400	1,400	1,399
Other [8]	66	147	81	159	188	163	(25)	178
	2,377	**3,568**	**1,191**	**3,110**	**3,313**	**4,495**	**1,182**	**4,477**
Total revenue	**58,627**	**59,862**	**1,235**	**56,487**	**81,523**	**82,868**	**1,345**	**79,623**

[1] Restated to reflect government's current accounting policies.

[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.

[3] Columbia River Treaty, other energy and minerals, water rental and other resources.

[4] Healthcare-related, motor vehicle, and other fees.

[5] Includes reimbursements for health care and other services provided to external agencies, and other recoveries.

[6] Includes contributions for health, education, community development, housing and social service programs, and transportation projects.

[7] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.

[8] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2025 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2025/pdf/2025_Budget_and_Fiscal_Plan.pdf

Table 4.7 2025/26 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2025/26			Actual	2025/26			Actual
($ millions)	Budget	Actual	Variance	2024/25 [1]	Budget	Forecast	Variance	2024/25
Taxation								
Personal income	13,152	13,808	656	12,693	17,751	19,186	1,435	17,026
Corporate income	4,143	4,958	815	4,689	6,209	7,957	1,748	8,262
Employer health	2,375	2,327	(48)	2,358	3,147	3,075	(72)	3,056
Sales [2]	8,367	8,209	(158)	8,010	10,961	10,687	(274)	10,363
Fuel	738	798	60	765	950	1,014	64	979
Carbon [3]	2,220	242	(1,978)	1,825	3,046	262	(2,784)	2,606
Tobacco	364	252	(112)	352	450	291	(159)	412
Property	2,990	3,002	12	2,852	4,025	4,067	42	3,837
Property transfer	1,773	1,345	(428)	1,589	2,247	1,750	(497)	2,005
Insurance premium and other	663	700	37	649	913	935	22	900
	36,785	**35,641**	**(1,144)**	**35,782**	**49,699**	**49,224**	**(475)**	**49,446**
Natural resource								
Natural gas royalties	633	530	(103)	400	920	942	22	672
Forests	436	410	(26)	396	639	505	(134)	514
Other natural resource revenues [4]	1,109	835	(274)	912	1,438	1,108	(330)	1,230
	2,178	**1,775**	**(403)**	**1,708**	**2,997**	**2,555**	**(442)**	**2,416**
Other revenue								
Post-secondary education fees	1,915	1,881	(34)	2,040	2,733	2,691	(42)	2,911
Other Fees and licenses [5]	1,802	1,918	116	1,857	2,539	2,607	68	2,557
Investment earnings	1,321	1,501	180	1,664	1,815	1,823	8	2,159
Miscellaneous [6]	3,430	6,968	3,538	3,772	4,932	7,657	2,725	5,460
	8,468	**12,268**	**3,800**	**9,333**	**12,019**	**14,778**	**2,759**	**13,087**
Contributions from the federal government								
Health and social transfers	7,433	7,371	(62)	7,155	9,911	9,822	(89)	9,542
Other federal government contributions [7]	3,021	2,479	(542)	2,316	5,366	4,788	(578)	4,765
	10,454	**9,850**	**(604)**	**9,471**	**15,277**	**14,610**	**(667)**	**14,307**
Commercial Crown corporation net income								
BC Hydro	316	353	37	324	712	712	-	587
Liquor Distribution Branch	846	816	(30)	891	1,027	950	(77)	1,094
BC Lottery Corporation [8]	940	966	26	984	1,279	1,269	(10)	1,295
ICBC	656	837	181	1,222	800	800	-	1,653
Other [9]	144	159	15	147	193	184	(9)	161
	2,902	**3,131**	**229**	**3,568**	**4,011**	**3,915**	**(96)**	**4,790**
Total revenue	**60,787**	**62,665**	**1,878**	**59,862**	**84,003**	**85,082**	**1,079**	**84,046**

[1] Restated to reflect government's current accounting policies.

[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.

[3] includes only revenue related to output-based pricing system.

[4] Columbia River Treaty, other energy and minerals, water rental and other resources.

[5] Healthcare-related, motor vehicle, and other fees.

[6] Miscellaneous revenue includes $2.725 billion in 2025/26 in relation to the tobacco settlement.

[7] Includes contributions for health, education, community development, housing and social service programs, and transportation projects.

[8] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.

[9] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2026 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2026/pdf/2026_Budget_and_Fiscal_Plan.pdf

Ontario

Chapter 3: Ontario's Fiscal Plan and Outlook

Details of Ontario's Finances

Table 3.9

Total Revenue[1]

($ Millions)

	Actual 2023–24	Actual 2024–25	Interim 2025–26	Plan 2026–27
Taxation Revenue				
Personal Income Tax	50,773	55,701	61,900	65,108
Sales Tax	39,864	39,363	39,201	39,871
Corporations Tax	23,094	27,757	27,638	28,618
Education Property Tax	5,810	5,887	5,937	5,981
Employer Health Tax	8,581	9,061	9,507	9,812
Ontario Health Premium	5,008	5,221	5,234	5,518
Gasoline Tax	1,620	1,719	1,728	1,737
Land Transfer Tax	3,538	3,736	3,444	3,785
Tobacco Tax	813	693	715	602
Fuel Tax	517	514	535	540
Beer, Wine and Spirits Taxes	593	530	443	262
Electricity Payments in Lieu of Taxes[2]	529	54	529	350
Ontario Portion of the Federal Cannabis Excise Duty	346	390	396	405
Other Taxes	728	891	750	1,043
	141,814	**151,517**	**157,958**	**163,633**
Government of Canada Transfers				
Canada Health Transfer	19,286	20,363	21,393	22,406
Canada Social Transfer	6,407	6,611	6,813	7,000
Equalization	421	576	546	406
Infrastructure Programs	609	1,124	929	1,104
Labour Market Programs	1,149	921	955	1,064
Social Housing Agreement	218	173	133	98
Other Federal Payments	5,621	6,174	7,624	7,070
Direct Transfers to Broader Public Sector Organizations	625	691	670	684
	34,336	**36,633**	**39,064**	**39,831**
Income from Government Business Enterprises				
Liquor Control Board of Ontario	2,574	2,171	1,793	1,896
Ontario Power Generation Inc./Hydro One Ltd.	2,065	2,581	2,704	1,818
Ontario Lottery and Gaming Corporation	2,368	2,247	2,344	2,219
Ontario Cannabis Store	244	247	237	236
iGaming Ontario	176	219	262	294
	7,427	**7,465**	**7,341**	**6,462**

continued…

Source: 2026 Ontario Budget, Ontario's Fiscal Plan and Outlook, Chapter 3, Details of Ontario's Finances. https://budget.ontario.ca/2026/pdf/2026-ontario-budget-en.pdf

Estimated Provincial Revenue Loss

British Columbia (1.54 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	816,843,175 ÷ 2 = 408,421,587	779,848,515 ÷ 2 = 389,924,257	863,900,623 ÷ 2 = 431,950,311
Estimated Tobacco Tax Revenue Loss	408,421,587 x $0.325 = $132,737,015	389,924,257 x $0.325 = $126,725,383	431,950,311 x $0.325 = $140,383,851

British Columbia (1.25 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	389,325,610 ÷ 2 = 194,662,805	406,007,485 ÷ 2 = 203,003,742	506,825,232 ÷ 2 = 253,412,616
Estimated Tobacco Tax Revenue Loss	194,662,805 x $0.325 = $63,265,411	203,003,742 x $0.325 = $65,976,216	253,412,616 x $0.325 = $82,359,100

Ontario (1.54 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	3,517,199,148 ÷ 2 = 1,758,599,574	4,592,319,277 ÷ 2 = 2,296,159,638	3,607,511,192 ÷ 2 = 1,803,755,596
Estimated Tobacco Tax Revenue Loss	1,758,599,574 x $0.18475 = $324,901,271	2,296,159,638 x $0.18475 = $424,215,493	1,803,755,596 x $0.18475 = $333,243,846

Ontario (1.25 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	2,079,031,075 ÷2 = 1,039,515,538	3,053,901,552 ÷ 2 = 1,526,950,776	2,331,476,740 ÷ 2 = 1,165,738,370
Estimated Tobacco Tax Revenue Loss	1,039,515,538 X $0.18475 = $192,050,495	1,526,950,776 x $0.18475 = $282,104,155	1,165,738,370 x $0.18475 = $215,370,163

Estimated Federal Excise Duty Revenue Loss

Upper Bound Federal excise duty revenue loss in BC, 2023 (1.54 uplift factor): $0.79162/5 cigs: $0.79162 x 408,421,587 ÷ 5 = $64,662,939

Upper Bound Federal excise duty revenue loss in BC, 2024 (1.54 uplift factor): $0.92883/5 cigs: $0.92883 x 389,924,257 ÷ 5 = $72,434,669

Upper Bound Federal excise duty revenue loss in BC, 2025 (1.54 uplift factor): $0.95391/5 cigs: $0.95391 x 431,950,311 ÷ 5 = $82,408,344

Lower Bound Federal excise duty revenue loss in BC, 2023 (1.25 uplift factor): $0.79162/5 cigs: $0.79162 x 194,662,805 ÷ 5 = $30,819,793

Lower Bound Federal excise duty revenue loss in BC, 2024 (1.25 uplift factor): $0.92883/5 cigs: $0.92883 x 203,003,742 ÷ 5 = $37,711,193

Lower Bound Federal excise duty revenue loss in BC, 2025 (1.25 uplift factor): $0.95391/5 cigs: $0.95391 x 253,412,616 ÷ 5 = $48,346,565

Upper Bound Federal excise duty revenue loss in Ontario, 2023 (1.54 uplift factor): $0.79162/5 cigs: $0.79162 x 1,758,599,574 ÷ 5 = $278,428,519

Upper Bound Federal excise duty revenue loss in Ontario, 2024 (1.54 uplift factor): $0.92883/5 cigs: $0.92883 x 2,296,159,638 ÷ 5 = $426,548,391

Upper Bound Federal excise duty revenue loss in Ontario, 2025 (1.54 uplift factor): $0.95391/5 cigs: $0.95391 x1,803,755,596 ÷ 5 = $344,124,100

Lower Bound Federal excise duty revenue loss in Ontario, 2023 (1.25 uplift factor): $0.79162/5 cigs: $0.79162 x 1,039,515,538 ÷ 5 = $164,580,258

Lower Bound Federal excise duty revenue loss in Ontario, 2024 (1.25 uplift factor): $0.92883/5 cigs: $0.92883 x 1,526,950,776 ÷ 5 = $283,655,537

Lower Bound Federal excise duty revenue loss in Ontario, 2025 (1.25 uplift factor): $0.95391/5 cigs: $0.95391 x 1,165,738,370 ÷ 5 = $222,401,897

Federal Excise Duty Revenue Loss
2023
Upper bound loss: $64,662,939 (BC) + $278,428,519 (ON) = $343,091,458
Lower bound loss: $30,819,793 (BC) + $164,580,258 (ON) = $195,400,051
2024
Upper bound loss: $72,434,669 (BC) + $426,548,391 (ON) = $498,983,060
Lower bound loss: $37,711,193 (BC) + $283,655,537 (ON) = $321,366,730
2025
Upper bound loss: $82,408,344 (BC) + $344,124,100 (ON) = $426,532,444
Lower bound loss: $48,346,565 (BC) + $222,401,897 (ON) = $270,748,462

Appendix 3

Retail Prices and Taxes on Cigarettes by Province and Territory

The most readily accessible online sources of comprehensive information on cigarette prices and taxes come from two main sources with competing objectives: on the one hand, Physicians for a Smoke-Free Canada who advocate for higher taxes on the assumption that the resulting high prices reduce cigarette consumption, and on the other hand, "Native Nicotine" who concurrently advocate for smokers to switch from high-priced legal cigarettes to low-priced, tax-free contraband cigarettes.

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $3.80 for a package of 20 cigarettes, consistent with the average wholesale prices provided to Health Canada, and an estimated retail market up of 10%.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

Source: Provincial finance and revenue ministry websites.

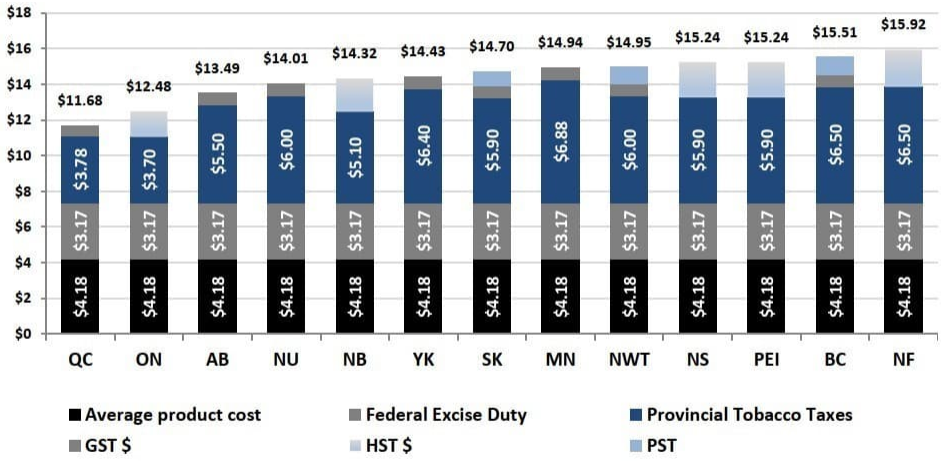
Estimated prices in effect April 1, 2023

Updated: March 3, 2023

Physicians for a Smoke-Free Canada

134 Caroline Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ psc @ smoke-free.ca

Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2023



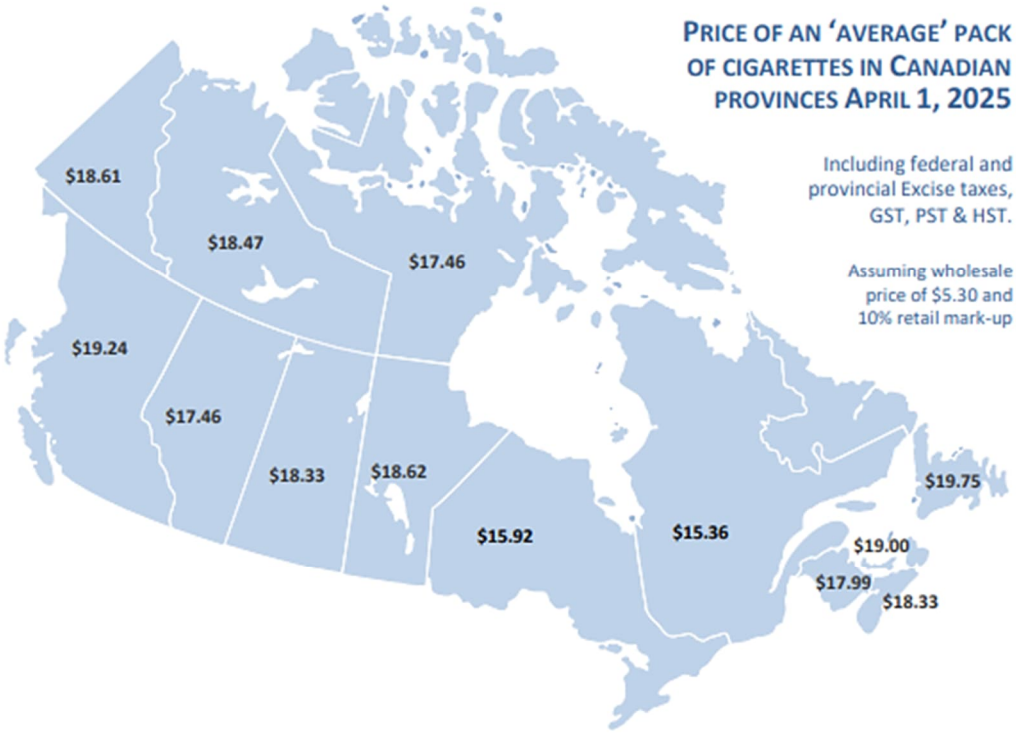
Taxes on a carton of 200 cigarettes in Canadian, April 1, 2023

	Excise Taxes			Sales taxes applied to tobacco				Cost of a package of 20 cigarettes
Per 200 cigarettes	Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$31.66	$65.00	$96.66	5%	7%		5%	$15.51
Alberta	$31.66	$55.00	$86.66	5%			5%	$13.49
Saskatchewan	$31.66	$59.00	$90.66	5%	6%		11%	$14.70
Manitoba	$31.66	$60.00	$91.66	5%	7%		12%	$14.95
Ontario	$31.66	$36.95	$68.61			13%	13%	$12.48
Quebec	$31.66	$37.80	$69.46	5%			5%	$11.68
New Brunswick	$31.66	$51.04	$82.70			15%	15%	$14.32
Nova Scotia	$31.66	$59.04	$90.70			15%	15%	$15.24
Prince Edward Island	$31.66	$59.04	$90.70			15%	15%	$15.24
Newfoundland	$31.66	$65.00	$96.66			15%	15%	$15.92
Northwest Territories	$31.66	$68.80	$100.46	5%			5%	$14.94
Nunavut	$31.66	$60.00	$91.66	5%			5%	$14.01
Yukon	$31.66	$64.00	$95.66	5%			5%	$14.43

Updated April 1, 2023 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/pdf_1/taxrates.pdf

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $5.30 for a package of 20 cigarettes, consistent with the average wholesale price provided to Health Canada in 2023, and an estimated retail market up of 10% of wholesale price and taxes.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

Source for tax rates: Provincial finance and revenue ministry websites.

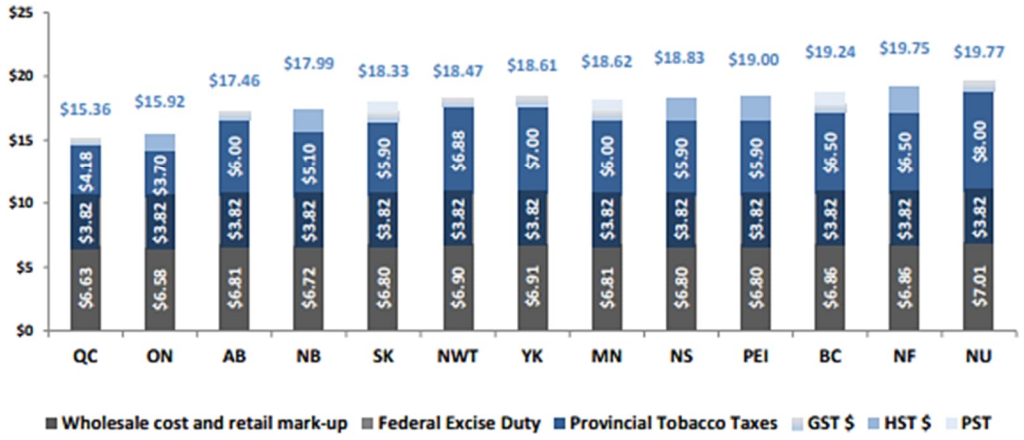
Estimated prices in effect April 1, 2025

Updated: February 25, 2025

Physicians for Smoke-Free Canada

98 Stirling Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ ccallard @ smoke-free.ca

Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2025



Taxes on a carton of 200 cigarettes in Canada. April 1, 2025

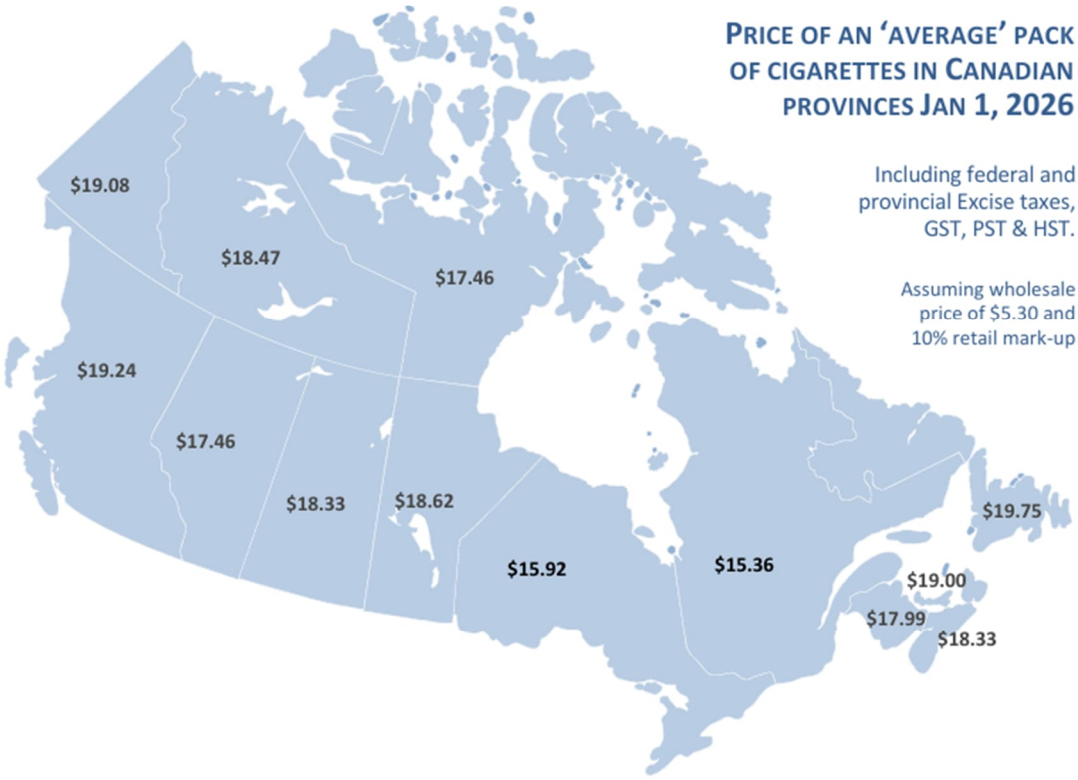
	Whole -sale	Retail (10%)	Excise Taxes			Sales taxes applied to tobacco				Cost of a carton of 200 cigarettes
Per 200 cigarettes			Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$53.00	$15.62	$38.1564	$65.00	$103.16	5%	7%		12%	$192.38
Alberta	$53.00	$15.12	$38.1564	$60.00	$98.16	5%			5%	$174.59
Saskatchewan	$53.00	$15.02	$38.1564	$59.00	$97.16	5%	6%		11%	$183.34
Manitoba	$53.00	$15.12	$38.1564	$60.00	$98.16	5%	7%		12%	$186.22
Ontario	$53.00	$12.81	$38.1564	$36.95	$75.11			13%	13%	$159.24
Quebec	$53.00	$13.30	$38.1564	$41.80	$79.96	5%			5%	$153.56
New Brunswick	$53.00	$14.22	$38.1564	$51.04	$89.20			15%	15%	$179.88
Nova Scotia	$53.00	$15.02	$38.1564	$59.04	$97.20			14%	14%	$188.35
Prince Edward Island	$53.00	$15.02	$38.1564	$59.04	$97.20			15%	15%	$190.00
Newfoundland & Lab	$53.00	$15.62	$38.1564	$65.00	$103.16			15%	15%	$197.54
Northwest Territories	$53.00	$16.00	$38.1564	$68.80	$106.96	5%			5%	$184.75
Nunavut	$53.00	$15.12	$38.1564	$80.00	$118.16	5%			5%	$197.69
Yukon	$53.00	$16.12	$38.1564	$70.00	$108.16	5%			5%	$186.14

Note: Cigarettes are sold in Canada at different prices depending on the brand; the retail and wholesale price of the same brand of cigarettes will vary by location depending on the contractual arrangements between manufacturers and retailers. See: Callard CD, Collishaw N. Cigarette pricing 1 year after new restrictions on tobacco industry retailer programmes in Quebec, Canada. Tobacco Control 2019;28:562-565.

Updated February 2025 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/pdf_1/taxrates.pdf

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $5.30 for a package of 20 cigarettes, consistent with the average wholesale price provided to Health Canada in 2023, and an estimated retail market up of 10% of wholesale price and taxes.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

Source for tax rates: Provincial finance and revenue ministry websites.

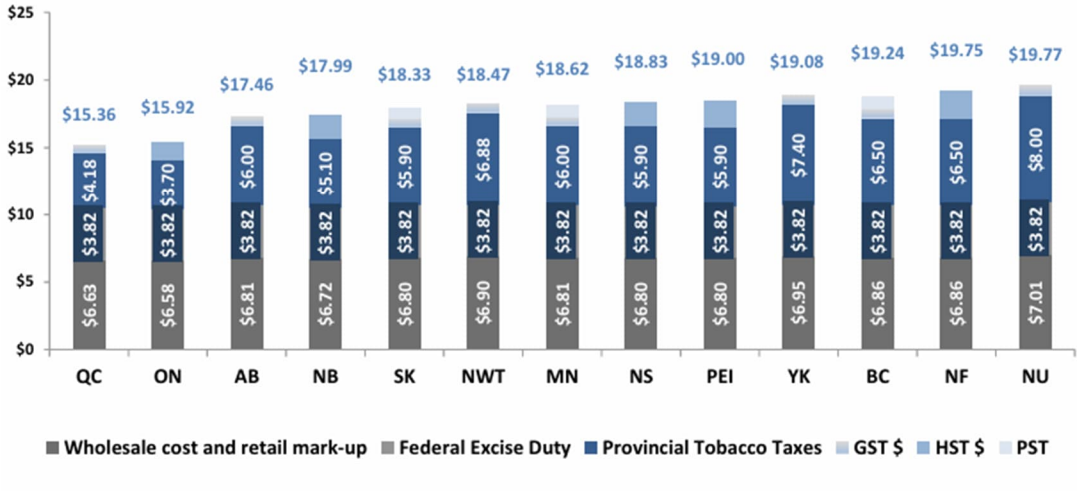
Estimated prices in effect January 1, 2026

Updated: January 10, 2026

Physicians *for a* Smoke-Free Canada

98 Stirling Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ ccallard @ smoke-free.ca

Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2025



Taxes on a carton of 200 cigarettes in Canada. April 1, 2025

	Whole-sale	Retail (10%)	Excise Taxes			Sales taxes applied to tobacco				Cost of a carton of 200 cigarettes
Per 200 cigarettes			Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$53.00	$15.62	$38.1564	$65.00	$103.16	5%	7%		12%	$192.38
Alberta	$53.00	$15.12	$38.1564	$60.00	$98.16	5%			5%	$174.59
Saskatchewan	$53.00	$15.02	$38.1564	$59.00	$97.16	5%	6%		11%	$183.34
Manitoba	$53.00	$15.12	$38.1564	$60.00	$98.16	5%	7%		12%	$186.22
Ontario	$53.00	$12.81	$38.1564	$36.95	$75.11			13%	13%	$159.24
Quebec	$53.00	$13.30	$38.1564	$41.80	$79.96	5%			5%	$153.56
New Brunswick	$53.00	$14.22	$38.1564	$51.04	$89.20			15%	15%	$179.88
Nova Scotia	$53.00	$15.02	$38.1564	$59.04	$97.20			14%	14%	$188.35
Prince Edward Island	$53.00	$15.02	$38.1564	$59.04	$97.20			15%	15%	$190.00
Newfoundland & Lab	$53.00	$15.62	$38.1564	$65.00	$103.16			15%	15%	$197.54
Northwest Territories	$53.00	$16.00	$38.1564	$68.80	$106.96	5%			5%	$184.75
Nunavut	$53.00	$15.12	$38.1564	$80.00	$118.16	5%			5%	$197.69
Yukon	$53.00	$16.12	$38.1564	$74.00	$112.16	5%			5%	$190.76

Note: Cigarettes are sold in Canada at different prices depending on the brand; the retail and wholesale price of the same brand of cigarettes will vary by location depending on the contractual arrangements between manufacturers and retailers. See: Callard CD, Collishaw N. Cigarette pricing 1 year after new restrictions on tobacco industry retailer programmes in Quebec, Canada. Tobacco Control 2019;28:562-565.

Updated February 2025 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/SUAP/2020/taxrates.pdf

Native Nicotine

Cigarette Prices in Canada by Province in 2026

The table below provides a comparable 2026 estimate for a mainstream pack of 20 cigarettes and its 10-pack carton equivalent. It is designed as a national comparison, not as a claim that every store in a province charges the same amount.

Province	Modeled price per pack of 20	Modeled 200-cigarette carton	Relative position
Quebec	About $15.44	About $154.45	Lowest modeled price
Ontario	About $16.02	About $160.18	Below national midpoint
Alberta	About $17.55	About $175.47	Middle range
New Brunswick	About $18.08	About $180.84	Middle range
Saskatchewan	About $18.31	About $183.05	Middle range
Manitoba	About $18.72	About $187.16	Above midpoint
Nova Scotia	About $18.93	About $189.30	High
Prince Edward Island	About $19.22	About $192.18	High
British Columbia	About $19.33	About $193.32	Among the highest
Newfoundland and Labrador	About $19.85	About $198.50	Highest modeled price

How These 2026 Cigarette Price Estimates Were Calculated

There is no government database with a live price for every brand and store. For consistency, this guide adapts the Physicians for a Smoke-Free Canada model, which combines an assumed wholesale cost, retailer markup, federal excise duty, provincial tobacco tax, and applicable sales tax.

The calculation uses the Canada Revenue Agency federal excise rate effective April 1, 2026: $0.97299 per five cigarettes, or approximately $38.92 per 200 cigarettes. Current provincial rates were then applied, including Prince Edward Island's 30-cent-per-cigarette rate.

Treat the results as comparison estimates. Premium brands and high-margin retailers can cost more, while lower-priced products can cost less.

Province-by-Province Cigarette Price Guide

Quebec

About $15.44 per 20-pack

Quebec has the lowest price in this standardized model, at roughly $154.45 for a 200-cigarette carton. That does not make every Montreal or Quebec City retailer inexpensive, but the provincial tax structure produces a lower modeled total than the other provinces.

Online tobacco rules also differ in Quebec. A low advertised price does not by itself make a transaction permitted.

Ontario

About $16.02 per 20-pack

Ontario comes in near $160.18 for a modeled carton of 200 cigarettes. Toronto, Ottawa, and other cities can still show meaningful retailer-to-retailer differences, especially between mainstream premium brands and lower-priced products.

Ontario has specific rules for stamped tobacco and an allocation system for qualifying on-reserve purchases. Not all native tobacco is automatically tax-free.

Alberta

About $17.55 per 20-pack

Alberta's modeled total is approximately $175.47 per carton. Alberta is often described as a lower-tax province generally, but its tobacco tax remains substantial. The province currently applies a 30-cent tax to each cigarette, equal to $60 on 200 cigarettes before federal duty and GST are considered.

Calgary and Edmonton prices still vary by brand and retailer margin.

New Brunswick

About $18.08 per 20-pack

New Brunswick's modeled carton is approximately $180.84. Provincial tobacco tax, federal excise duty, and harmonized sales tax all contribute to the final price. The HST applies to the taxable selling price, so the total at checkout can rise quickly.

Prince Edward Island

About $19.22 per 20-pack

Prince Edward Island is approximately $192.18 per modeled carton after reflecting the provincial increase to 30 cents per cigarette. The province's small retail market can also mean fewer nearby stores and less price competition in some communities.

Compare the full checkout total before choosing a carton or multi-carton order.

British Columbia

About $19.33 per 20-pack

British Columbia remains among the most expensive provinces in the model, at approximately $193.32 per carton. BC's provincial tobacco tax is 32.5 cents per cigarette, equal to $65 on a standard 200-cigarette carton before federal duty and sales tax.

Vancouver-area prices vary by brand and location. Native Nicotine does not ship nicotine pouches to British Columbia.

Newfoundland and Labrador

About $19.85 per 20-pack

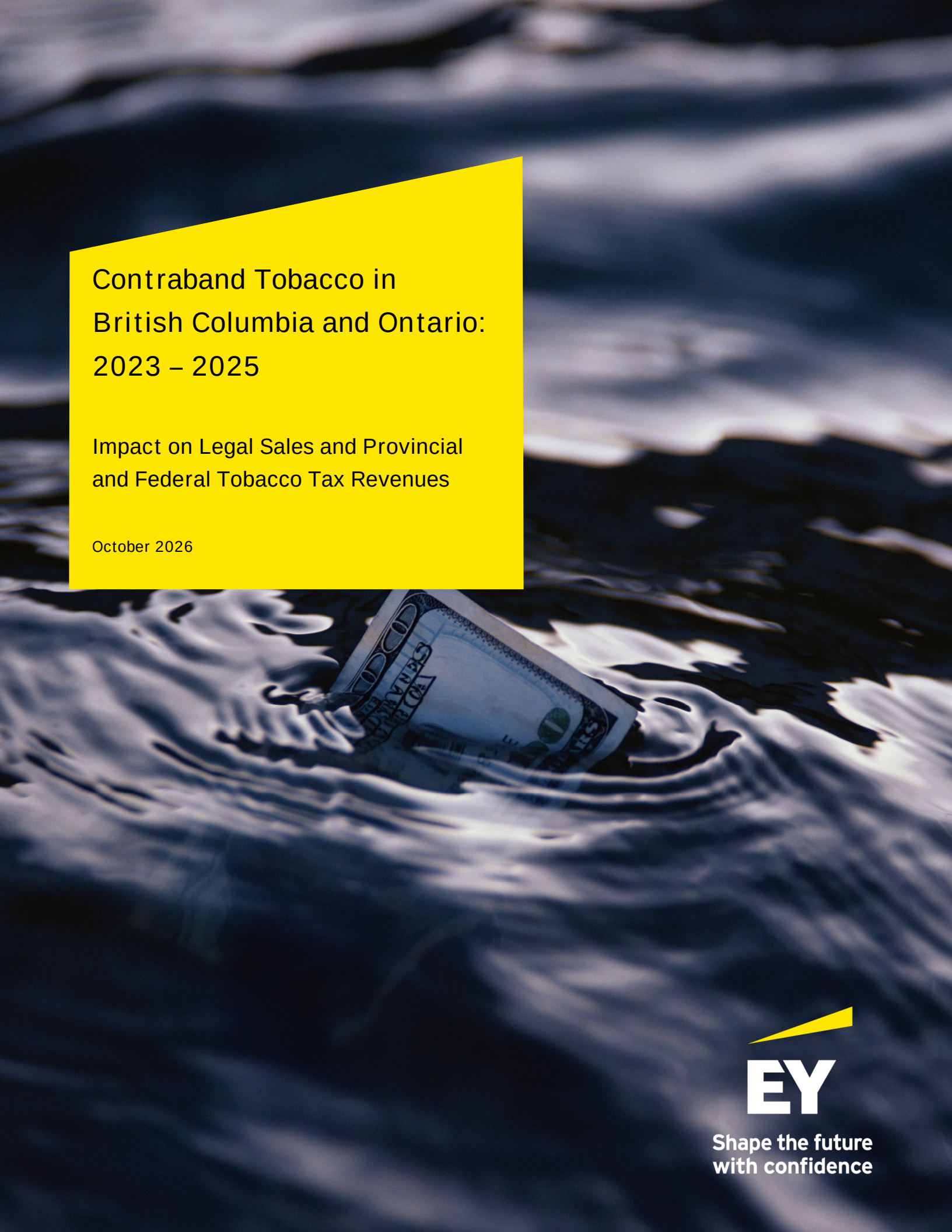
Newfoundland and Labrador has the highest modeled total in this comparison, at approximately $198.50 per carton. A local premium product can exceed that estimate, while another brand or retailer may come in below it.

Longer Atlantic and remote delivery windows should be included in an online comparison.

Browse Native Nicotine location guides

British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec
For a broader regional overview, visit the native cigarettes near me hub.

Source: Native Nicotine. https://www.nativenicotine.co/cigarette-prices-canada-2026/



Contraband Tobacco in British Columbia and Ontario: 2023 – 2025

Impact on Legal Sales and Provincial and Federal Tobacco Tax Revenues

October 2026

EY

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Note: This report was funded by the Convenience Industry Council of Canada (CICC) and its members.

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Executive Summary

Evidence and analysis presented in this report indicate that contraband cigarettes accounted for a significant percentage of total market sales in British Columbia and Ontario in 2023, 2024 and 2025. To the extent that contraband sales have replaced legal sales, this likely resulted in a substantial reduction in tobacco tax revenues for the provincial and federal governments and became a lucrative source of revenue for criminal organizations.

Direct measures of the contraband market are not available, so the best indirect alternative way of determining its size is to use available statistics on smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in a given population to estimate total consumption and then subtract from it the known legal consumption. The residual should represent contraband sales, or be a close proxy for these sales.

Using this method and the related assumptions employed here, this report concludes that in 2023 the contraband market may have accounted for between 21.1% and 36% of the total market in British Columbia and between 33.5% and 46.1% of the total market in Ontario.

In 2024 the illicit market possibly grew to between 25.2% and 39.3% of the total market in British Columbia and in Ontario to between 46.1% and 56.2% of the total market.

In 2025 the estimated size of the contraband market may have continued to grow even further in British Columbia to a level of between 32.9% and 45.6% of the total market, while in Ontario it possibly stabilized to a level somewhere between 42.4% and 53.2% of the total market.

To the extent that sales of unregulated and untaxed contraband cigarettes replaced legal sales, this also likely resulted in a substantial leakage of potential tobacco tax revenue in these two provinces. It is estimated here that in BC tobacco tax revenues could have been between $63.3 million and $132.7 million higher in 2023 in the absence of contraband, between $66 million and $126.7 million higher in 2024, and between $82.4 million and $140.4 million higher in 2025.

In Ontario, it is estimated that tobacco tax revenues could possibly have been between $192 million and $325 million higher in 2023, between $282 million and $424 million higher in 2024 and between $215.3 million and $333.2 million higher in 2025.

This does not include the losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes, or possible secondary fiscal effects arising from consumers redirecting expenditures to other goods and services.

Meanwhile, at the federal level the loss in excise duty revenue collected from cigarette sales in these two provinces could possibly have been between $195 million and $343 million higher in 2023; $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

The nature and extent of involvement by organized crime groups is beyond the scope of this report, but the production and sale of contraband cigarettes is clearly seen as a major criminal enterprise in these two provinces.[23]

[23] Law-enforcement reports and published research indicate that organized-crime groups participate in some contraband-tobacco production and distribution (see Section III of this report). This report does not estimate the proportion of contraband activity attributable to organized crime or determine how related proceeds are used.

VII. Introduction

This report is the fourth in a series of studies on contraband tobacco commissioned from EY Canada by the Convenience Industry Council of Canada ("CICC"). The terms "contraband market" and "illicit market" are used interchangeably in this report.

This study follows three previous ones. In 2020 EY conducted *The Impact of COVID-19 on Contraband Tobacco and Provincial Tax Revenues in Canada* study for the CICC.[24] Released in December 2020, it established a clear causal link between the temporary closure of unlicensed and untaxed tobacco manufacturing operations and "smoke shops" on First Nations reserves at the onset of the COVID-19 pandemic in mid-March 2020 and a resultant marked uptick in legal cigarette sales across Canada as the available supply of contraband dried up. Legal cigarette sales peaked in June 2020, representing a 24% increase over sales compared to June 2019. Notably, when on-reserve cigarette factories and stores re-opened in July of 2020, legal sales plummeted to pre-pandemic levels as the production and distribution of contraband tobacco products resumed and they quickly regained their lost market share. The increase in legal sales during the shutdown was most dramatic in Atlantic Canada. Legal cigarette sales in the month of June 2020 were up 44.9% in New Brunswick, 47% in PEI and 44.3% in Newfoundland and Labrador, compared to June 2019. The study concluded that temporary travel restrictions on travellers from outside the Atlantic provinces due to COVID-19 (labelled "the Atlantic Bubble") was a major factor restricting the movement of illegal tobacco traffickers.

The second report, released in September 2023, examined the pattern of legal sales for four years from 2019 to 2022 in three provinces: British Columbia, Ontario and Newfoundland & Labrador ("Nfld."). [25] Legal sales data was obtained from the three major manufacturers of tobacco products who are members of the Canadian Tobacco Manufacturers Council ("CTMC"). [26] Since direct measures of contraband are not available, the best indirect alternative is to use available measures of overall smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in Canada to estimate total consumption and then subtract from it the known legal consumption. The residual should represent contraband sales, or be a very close proxy for these sales. Using this method, legal sales volumes in each province were subtracted from the total market (obtained from the annual smoking surveys that Statistics Canada conducts on behalf of Health Canada) to derive estimates of contraband in each province over the four-year time horizon. The report concluded that in 2022 contraband cigarettes likely accounted for at least 32.1 percent of the total market in British Columbia, 38.7 percent in Ontario and 31.1 percent of the market in Newfoundland.

The third report used a similar methodology and structure as the second report and extended the analysis to five additional provinces (Alberta, Manitoba, New Brunswick, Quebec and Nova Scotia) over five years

[24] See *The Impact of COVID-19 on contraband tobacco and provincial tax revenues in Canada: March-August 2020*, December 2020. https://convenienceindustry.ca/wp-content/uploads/2020/12/Impact-of-COVID-19-on-Contraband-Tobacco-and-Provincial-Tax-revenues-in-Canada_EN-Final.pdf

[25] See *Contraband Tobacco in British Columbia, Ontario and Newfoundland & Labrador: Impact on Legal Sales and Provincial Tobacco Tax Revenues*, September 2023. https://convenienceindustry.ca/wp-content/uploads/2024/09/EY-Report-on-Contraband-Tobacco-in-BC-Ontario-and-Nfld-September-2023.-FINAL.pdf

[26] The CTMC members are Imperial Tobacco Canada Limited ("ITCAN"), Rothman's Benson & Hedges Inc. ("RBH") and Japan Tobacco International ("JTI"). Their sales account for virtually the entire legal sales market in these provinces. This data was obtained under the terms of a Non-Disclosure Agreement ("NDA") and is released here in aggregated format for the industry.

from 2019 to 2023.[27] It estimated that in 2023 contraband likely accounted for 29.4 percent of the total market in Alberta, 45.0 percent in Manitoba, 11.9 percent in Quebec, 52.0 percent in New Brunswick and 38.4 percent in Nova Scotia.

This fourth report provides an estimate of more recent levels of contraband tobacco in the provinces of British Columbia and Ontario over three years from 2023 to 2025. It estimates the likely impact these contraband sales have had in reducing provincial and federal tobacco tax revenues in each of these provinces. It also estimates the size of this segment of the "underground economy" in these two provinces in terms of gross revenue realized from the sale of contraband tobacco in these three years.

Canada's Tobacco Strategy (CTS), established by the federal government in 2016 to address tobacco use in Canada, is designed to achieve a target of less than 5% tobacco use in the Canadian population by 2035.[28] Smoking cessation and reduced cigarette consumption generate significant public-health benefits. The high federal and provincial taxes on tobacco products are designed to contribute to the achievement of that goal. However, to the extent that sales of low-priced, untaxed contraband products replace and exceed the sale of higher-priced legal products, consumption levels may increase meaning reaching this 5% target will be more difficult and may take longer to achieve.

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[27] See *Contraband Tobacco in Alberta, Manitoba, Quebec, New Brunswick and Nova Scotia: Impact on Legal Sales and Provincial Tobacco Tax Revenues*, October 2024 https://convenienceindustry.ca/wp-content/uploads/2024/11/EY-Report-on-Contraband-Tobacco-in-Alberta-Manitoba-Quebec-New-Brunswick-and-Nova-Scotia.-October-2024.FINAL_.pdf

[28] Delivering Results: Advancing Canada's Tobacco Strategy. https://www.canada.ca/en/health-canada/services/publications/healthy-living/canada-tobacco-strategy/delivering-results-advancing-canada-tobacco-strategy.html

VIII. Legal Cigarette Sales Volumes: 2019 to 2025

Annual legal sales volumes from 2019 to 2022 for British Columbia and Ontario were presented in EY's September 2023 report. Legal sales volumes for 2023 to 2025 are presented in Table 1 below. These sales figures were obtained under the terms of a Non-Disclosure Agreement (NDA) from the three tobacco companies comprising the Canadian Tobacco Manufacturers' Council (CTMC), including Japan Tobacco International (JTI), Rothman's, Benson and Hedges Inc. (RBH) and Imperial Tobacco Canada Ltd. (ITCAN). These three companies supply virtually the entire legal tax-paid market in Canada.

Table 1
Legal Cigarette Sales 2023 – 2025
(Millions of sticks)

Calendar Year	British Columbia	Ontario
2023	1,453.4	4,119.9
2024	1,205.4	3,577.2
2025	1,032.3	3,168.7

Sales volumes for years 2019 to 2025 inclusively are presented in Appendix 1 of this report in Tables A1 and A2 and Figures A1 and A2.

As was stated in the 2023 report, legal sales from 2019 to 2022 had fallen quite substantially in both provinces, by 33.1% in British Columbia and by 20.2% in Ontario. This study shows a further decline in legal sales has continued from 2023 to 2025. These sales fell by a further 29% in British Columbia and 23% in Ontario over this period, bringing the total decline in legal sales over the period from 2019 to 2025 to 58.7% in British Columbia and 46.4% in Ontario.

IX. Price of Legal Tobacco Products versus Contraband Products

There is a very substantial difference between the price of legal tobacco products and the price of contraband products. Figures 1 and 2 show the average tax-inclusive legal price of a pack of 20 cigarettes in British Columbia and Ontario as of April 2023 and April 2025. A carton of 200 cigarettes cost in the order of $180 in British Columbia and $147 in Ontario in 2024 and in the order of $192 and $159 in 2025. Taxes represent on average about 65 percent of the retail price of cigarettes in Canada. For details on tax rates, see Appendix 2 and on retail prices, see Appendix 3.

Figure 1
Retail Price of a Pack of 20 Cigarettes, April 2023



Figure 2
Retail Price of a Pack of 20 Cigarettes, April 2025



Source: Statista https://www.statista.com/statistics/1307607/canada-regional-price-of-cigarettes/

Table 2
Typical Cost of a Carton of 200 Cigarettes, 2024

	Wholesale	Assumed Retail 10% Margin	Federal Excise Duty	Prov Tobacco Tax	5% GST	7% PST	13% HST	Total Cost
British Columbia	$44.10	$14.63	$37.15	$65.00	$8.04	$11.26	-	$180.18
Ontario	$44.10	$11.82	$37.15	$36.95	-	-	$16.90	$146.92

Table 3
Typical Cost of a Carton of 200 Cigarettes, 2025

	Wholesale	Assumed Retail 10% Margin	Federal Excise Duty	Prov Tobacco Tax	5% GST	7% PST	13% HST	Total Cost
British Columbia	$53.00	$15.62	$38.16	$65.00	$8.59	$12.02	-	$192.39
Ontario	$53.00	$12.81	$38.16	$36.95	-	-	$18.32	$159.24

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/SUAP/2020/taxrates.pdf

By contrast, a carton of 200 contraband cigarettes can cost as little as $30-$40 if purchased at a Smoke Shop located on a First Nations reserve. Untaxed contraband cigarettes produced on First Nations reserves account for virtually the entire contraband market in each province and territory across Canada.[29] The same carton costs between about $35-$55 if purchased off the reserve, either in person through the local contraband "supplier/dealer" network or purchased over the internet from an online platform with home delivery included in the final price. In both cases, the sale off-reserve to non-Indigenous persons is illegal. While some online retailers indicate they operate from First Nations, others are likely managed by organized criminal groups off-reserve.

A number of online websites sell and deliver 'Native Brand' contraband cigarettes anywhere in Canada in violation of Canadian laws.[30] Some offer volume discounts for more than one carton purchased ranging from $50 for 1-4 cartons; $45 for 5-19 cartons; $40 for 20-39 cartons; and $35 for 40+ cartons. Shipping costs are sometimes also volume based, running initially at about $25/carton, but decreasing significantly with volume purchases (e.g., shipping 1-4 cartons costs $25; 5-24 cartons costs $50; 25-49

[29] "Contraband" or "illicit" refer to tobacco products that do not comply with federal and provincial legislation governing production, distribution, importation, packaging & labelling, stamping or marking and remittance of applicable duties and taxes. First Nations individuals are exempt from some taxation provisions under section 87 of the federal *Indian Act* wherein "*the personal property of an Indian or a band on a reserve is exempt from taxation*." Only tobacco products *purchased for personal consumption by status Indians on reserve* are personal property and therefore exempt from federal and provincial sales tax and provincial tobacco tax. See Kathleen Lickers and Peter Griffin, pages 9-10.

[30] For example, under Ontario's *Tobacco Tax Act*, unless otherwise authorized, it is illegal to buy, possess or distribute any quantity of untaxed cigarettes or any other untaxed tobacco products. https://www.ontario.ca/document/tobacco-tax/contraband-tobacco#:~:text=Under%20the%20Tobacco%20Tax%20Act,any%20other%20untaxed%20tobacco%20products.

cartons costs $75; etc.). In other words, shipping costs can be as low as $1.50/carton depending on the per order volume purchased. Other sellers offer a flat rate shipping fee of $35 with a volume limit of 8 cartons (for a shipping cost of $4.37/carton). At one website, shipping is free for orders over $99. Payment is by Interac e-Transfer.

Web pages extracted from four of these websites (Native Cigarettes; Native Smokes 4 Less; Select Smokes; and Buy Cheap Smokes) are illustrative and showcase the wide variety of products offered for sale at low prices:



NATIVE CIGARETTES
www.nativecigarettes.ca

Welcome to Indigenous Territory.

Aanii,

Thank you for visiting www.nativecigarettes.ca, where you can order your native cigarettes online through our website. Fulfilled and operated by home based business's from First Nation Reserves across Canada, we hope to see your support.

Nibiindigek, Miigwetch.

Source: https://www.nativecigarettes.ca/

Home Products About Us Order Support Store Policies Blog My Rewards Refer Friends

Search...

0

Home / Products / Canadian Cigarettes

Prev | Next





Canadian Cigarettes

$40.00

Flavor (optional)

Select

Quantity *

1

Add to Cart

Maximum Order Limit +

Payment Methods +

To Purchase this Product +

Offered while in stock +

Introducing our selection of authentic Canadian cigarettes, featuring a variety of options to suit every preference. Our Canadian Light cigarettes offer a smooth and mellow smoke, while our Full Flavor option delivers a bold and robust flavor. For those who enjoy a cool and refreshing experience, our Menthol cigarettes provide a minty kick. Looking for something unique? Try our Charcoal Full Flavor or Charcoal Light cigarettes, enhanced with activated charcoal for a clean and crisp taste. And for those seeking a lighter option, our Ultralight cigarettes deliver a satisfying smoke without the heaviness. All of our Canadian cigarettes come in a kingsize format and are sold in a carton of 10 packs, each containing 20 cigarettes.

https://www.nativecigarettes.ca/product-page/canadian-cigarettes

Home Products About Us Order Support Store Policies Blog My Rewards Refer Friends

Search...

0

Home / Products / Canadiens Cigarettes

Prev | Next





Canadiens Cigarettes

$35.00

Flavor *

Select

Quantity *

1

Add to Cart

Maximum Order Limit +

Payment Methods +

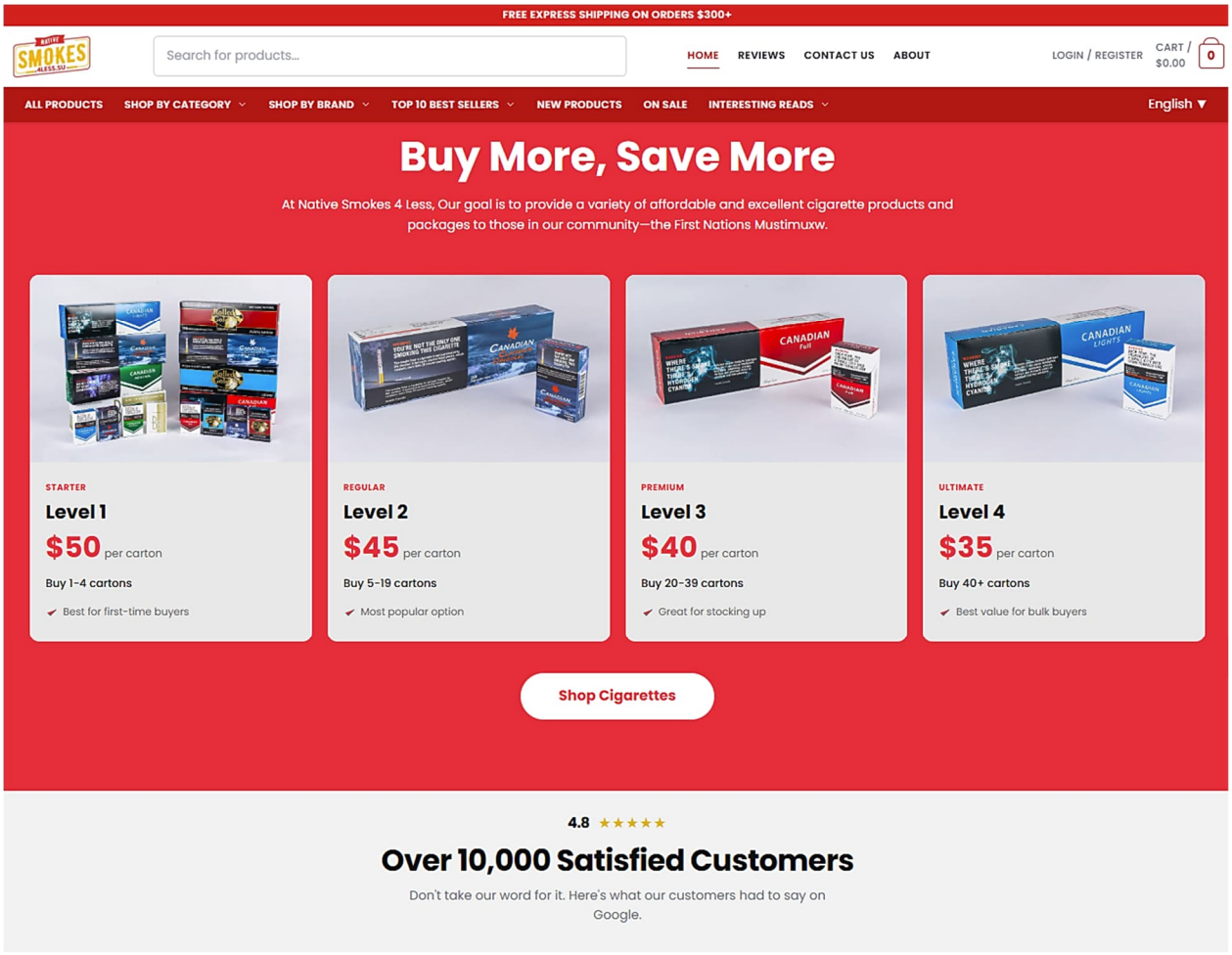
To Purchase this Product +

While Supplies Last +

Canadiens hit our market and quickly became our best seller.
Canadiens come in 5 Flavours: Xtra, Full Flavour, Light, Ultra Lights, & Menthol.
This is our most affordable Brand Yet.
Exceptional smooth taste on your buds and pockectbook!
Xtra bold Flavour for those with EXTRA personalities!

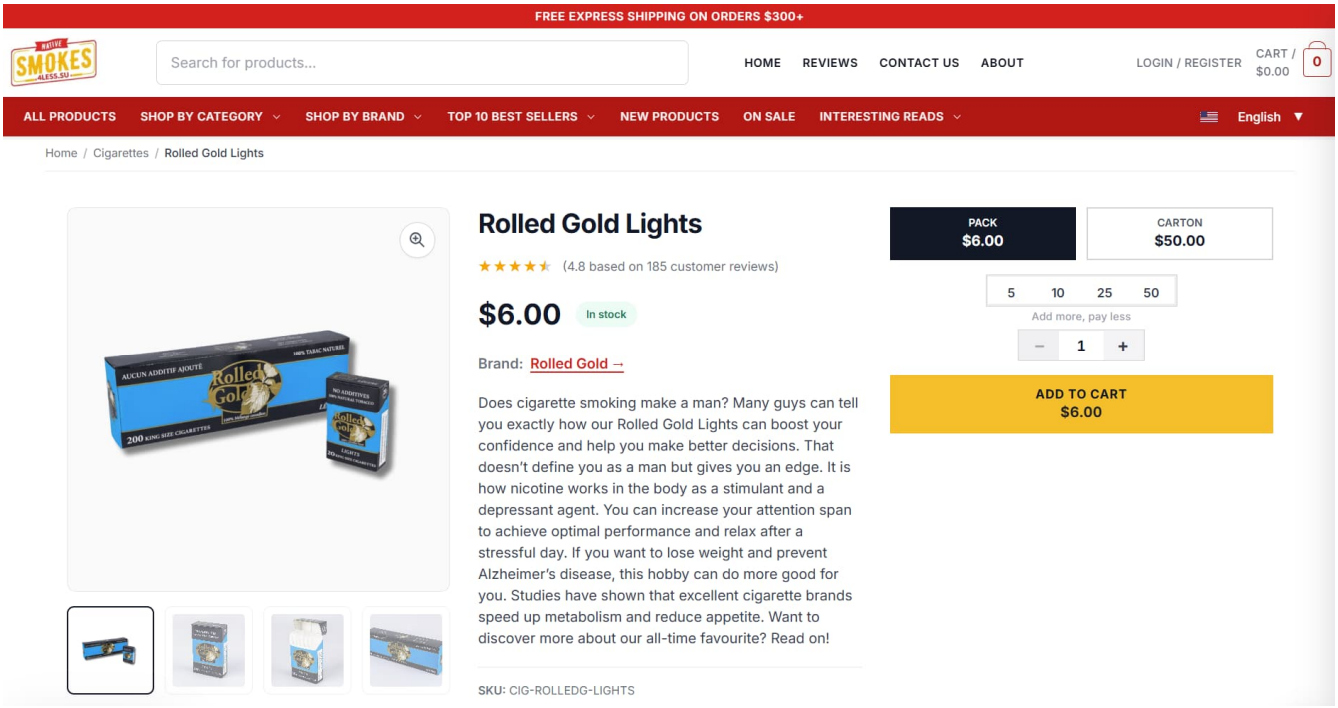
https://www.nativecigarettes.ca/product-page/canadiens-cigarettes

Increased smoking consumption is encouraged on this site by posting discount savings that can be realized from bulk orders:

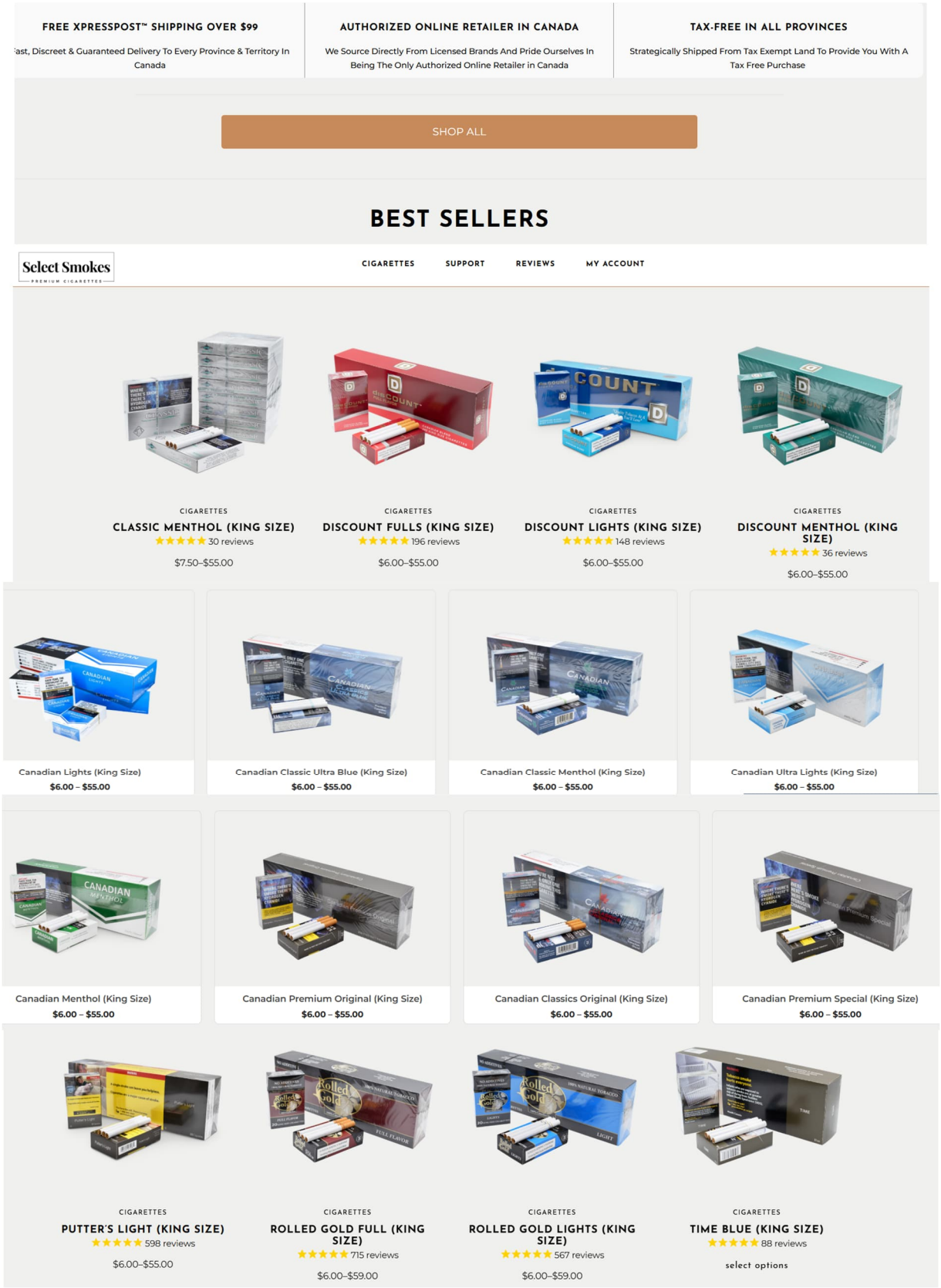


Spurious health claims and statements are also made in certain product descriptions, as the one in the description for “Rolled Gold Lights”, below:

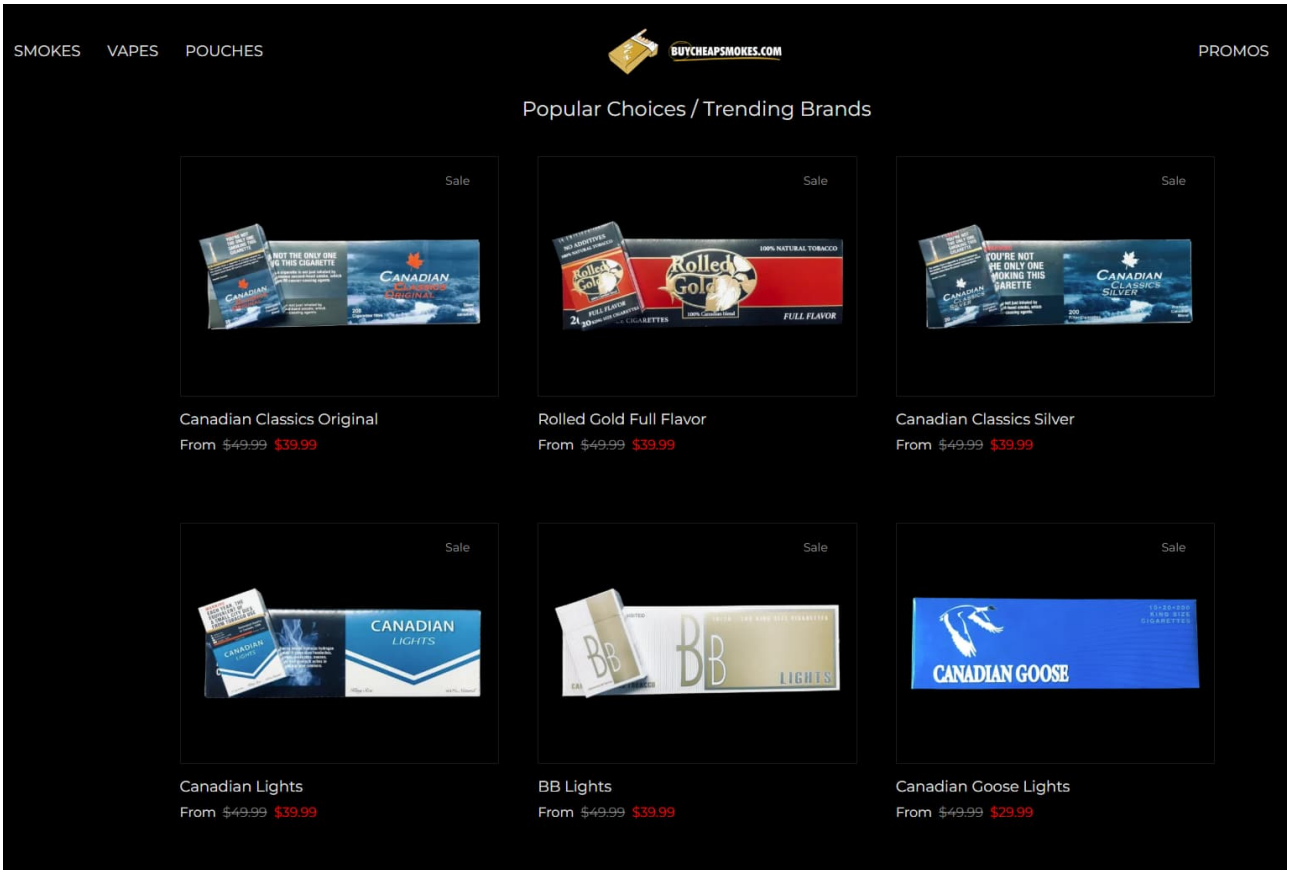
> *Does cigarette smoking make a man? Many guys can tell you exactly how our Rolled Gold Lights can boost your confidence and help you make better decisions. That doesn’t define you as a man but gives you an edge. It is how nicotine works in the body as a stimulant and a depressant agent. You can increase your attention span to achieve optimal performance and relax after a stressful day. If you want to lose weight and prevent Alzheimer’s disease, this hobby can do more good for you. Studies have shown that excellent cigarette brands speed up metabolism and reduce appetite. Want to discover more about our all-time favourite? Read on!*



https://nativesmokes4less.su/product/rolled-gold-lights/



https://selectsmokes.co/



https://buycheapsmokes.com/

It is this significant price difference between the legal and illicit markets that fuels the spread of contraband on the demand side of the market. On the supply side of the market, the larger is this tax-based price differential, the greater is the profitability and financial return from contraband production and sales and the greater is the incentive to supply the market with significant amounts of contraband tobacco products.

It should be noted that federal and provincial tobacco taxes are not being applied on these online sales, in clear violation of federal and provincial licensing and taxing legislation as well as excise stamping and marking requirements, and as the photos show the packages also violate Canadian health legislation, flavour restrictions and various packaging and labelling requirements.

Seizure data is anecdotal, but it corroborates the fact that a significant proportion of the cigarette market is being filled from illicit sources and the brands seized are consistently from the same on-reserve operations in Ontario and Quebec.

For example, an investigation that began in February 2025 dubbed “Project Panda” and included support from the OPP’s Organized Crime Enforcement Bureau, multiple OPP detachments and units, and Six Nations Police resulted in a raid on a Six Nations contraband tobacco manufacturer during which almost $3 million worth of illegal cigarettes were seized. Officers searched vehicles leaving the facility on March 21 and March 27 and seized more than 11 million cigarettes with an estimated street value of $2.8 million, more than 616.8 kg of illegal cannabis products with an estimated street value of approximately $3 million, 15 firearms, and multiple skids of contraband tobacco packing material.

According to the OPP Chief Superintendent of the Organized Crime Enforcement Bureau, the facility was being operated by members of a non-Indigenous criminal network who do not reside on Six Nations of the Grand River Territory.[31]



[31] Brantford Expositor, May 23, 2025. https://www.brantfordexpositor.ca/news/police-shutdown-contraband-tobacco-manufacturing-facility/



In Saskatchewan on January 20, 2026 during a search of a truck and trailer, RCMP officers seized 23 pallets of unstamped tobacco containing approximately 9.1 million illicit cigarettes. The RCMP said the driver, a resident of Brampton, Ont., was found to be in violation of court-ordered conditions requiring him to remain in Ontario "in relation to tobacco-related charges."[32]

On February 21, 2026, after pallets of tobacco products were flagged by Saskatchewan Highway Patrol officers conducting inspections at a weigh scale, RCMP officers in the Swift Current, Saskatchewan area seized 7.2 million cigarettes and arrested two men from Brampton, Ontario with three charges related to unlawful possession of tobacco .[33]

Officers from various police agencies in New Brunswick intercepted more than 4.3 million illicit cigarettes in three major investigations during a four-week period in May and June 2026, adding:

> "Justice and Public Safety Department peace officers say they have seized more than eight million contraband cigarettes in New Brunswick so far during 2026, worth approximately $3.72 million in missed tax revenue for the provincial and federal governments." [34]

On August 26, 2026, Ontario announced that Ministry of Finance investigators conducted tobacco enforcement operations that resulted in the seizure of 4.1 million unmarked cigarettes with charges laid under Ontario's *Tobacco Tax Act* in Burlington in June and July.[35]

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[32] See https://www.ckom.com/2026/01/29/mounties-seize-9-1-million-illegal-cigarettes-after-stopping-truck-in-rm-of-battle-river/

[33] See https://www.ckom.com/2026/02/27/ontario-men-arrested-after-sask-rcmp-highway-patrol-find-millions-of-illegal-cigarettes/

[34] Eli Ridder, The Canadian Press, N.B. police seize 4.3 million contraband cigarettes in four weeks, officials say, August 5, 2026 https://ca.finance.yahoo.com/news/n-b-police-seize-4-141816546.html?guccounter=1

[35] See Ontario Court Newsroom. https://news.ontario.ca/en/court/1007893/province-seizes-41-million-unmarked-cigarettes

X. Estimating Contraband Market Size using Survey Prevalence Data

The market for contraband tobacco is an integral part of the "underground economy" and so a direct measure of its size is not available. The only way to estimate its likely size is by using other means through indirect measures. One option is to use available empirical data such as police seizures of contraband and extrapolate an "indicative estimate" of the "true size" of the contraband market. This method is far too imprecise.

A better alternative is to use available known measures of overall smoking prevalence (total number of smokers) and consumption (cigarettes consumed per smoker) in Canada to estimate total consumption and subtract from it the known legal sales volumes. The residual should represent contraband sales or be a very good proxy for these sales. This is the method used here as well as in the prior two studies.

Statistics Canada conducts two annual smoking prevalence surveys on behalf of Health Canada. The first is the Canadian Tobacco and Nicotine Survey (CTNS) whose main objective is to gather information about the prevalence of cigarette smoking, vaping, and cannabis use in Canada. The second is the Canadian Community Health Survey (CCHS) that also includes questions related to other physical and mental health issues. A third survey, the Canadian Substance Use Survey (CSUS), is conducted every other year and it looks more broadly at the use of tobacco, vaping, cannabis, alcohol, opioids and other substances of concern.[36]

CCHS annual data is used here. From 2001 to 2022 the CCHS collected data from survey respondents aged 12 years and older, and from 2023 onwards from respondents 18 years and older.

Data on annual prevalence levels is available at the provincial level, but data on daily consumption is only available at a national level and only for 2023 and 2024. For this reason, it is assumed here that daily consumption in 2025 was the same as it was in 2024.

The data on prevalence is set out in Tables 5A and 5B for British Columbia and Tables 6A and 6B for Ontario while the data on daily consumption is shown in Figures 3 and 4.

[36] See Statistics Canada, Smoking, vaping and tobacco, Surveys, statistics and research. https://www.canada.ca/en/health-canada/services/smoking-tobacco/surveys-statistics-research.html

Table 5A
Percentage of Adult Smokers, British Columbia, 2019 – 2025

Geography	British Columbia (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Percent						
Indicators	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
	Percent						
Current smoker, daily or occasional[14, 15, 16, 17]	11.7	10.6	10.3	9.5	9.5	8.1	8.0
Current smoker, daily[14, 15, 16, 17]	7.1	6.2	6.8	6.8	7.0	5.6	5.2

Table 5B
Number of Adult Smokers, British Columbia, 2019 – 2025

Geography	British Columbia (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Number of persons						
Indicators	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
	Number						
Current smoker, daily or occasional[14, 15, 16, 17]	460,700	439,100	429,900	404,700	413,000	369,900	370,000
Current smoker, daily[14, 15, 16, 17]	279,400	258,000	286,600	288,200	305,600	255,200	242,100

Source: Statistics Canada. Table 13-10-0905-01 Health indicator statistics, annual estimates
DOI: https://doi.org/10.25318/1310090501-eng

Table 6A
Percentage of Adult Smokers, Ontario, 2019 – 2025

Geography	Ontario (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Percent						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Percent						
Current smoker, daily or occasional[14, 15, 16, 17]	14.7	12.5	12.5	11.7	11.1	11.1	9.6
Current smoker, daily[14, 15, 16, 17]	10.0	9.1	8.6	9.1	8.4	8.2	6.7

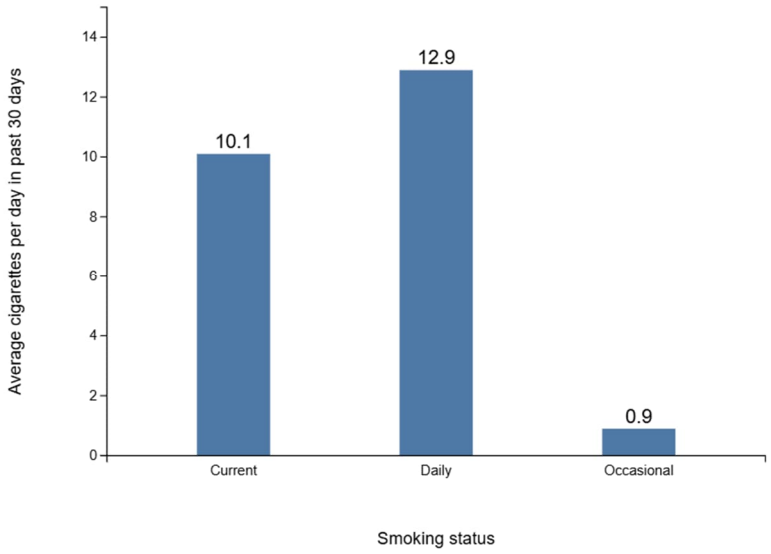
Table 6B
Number of Adult Smokers, Ontario, 2019 – 2025

Geography	Ontario (map)						
Age group	Total, 18 years and over[6]						
Sex[7]	Both sexes						
Characteristics[8, 9, 10, 11, 12, 13]	Number of persons						
Indicators	2019	2020	2021	2022	2023	2024	2025
	Number						
Current smoker, daily or occasional[14, 15, 16, 17]	1,707,800	1,458,400	1,473,200	1,398,400	1,360,500	1,434,400	1,257,300
Current smoker, daily[14, 15, 16, 17]	1,165,100	1,067,100	1,018,300	1,093,700	1,030,200	1,058,900	871,600

Source: Statistics Canada. Table 13-10-0905-01 Health indicator statistics, annual estimates
DOI: https://doi.org/10.25318/1310090501-eng

Figure 3

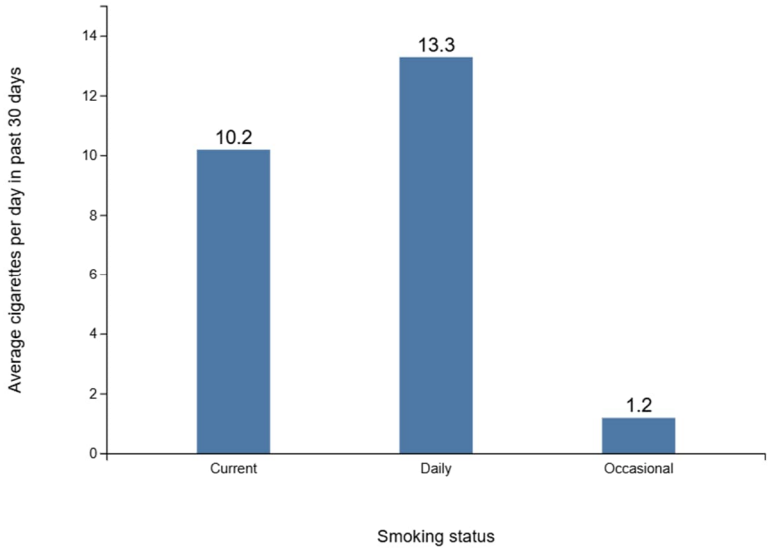
Average number of cigarettes usually smoked per day in the past 30 days among adults, by smoking status, in 2023



Source: Statistics Canada. https://health-infobase.canada.ca/substance-use/tobacco/surveillance/?0=0&1=1&2=3&3=0&4=0&5=0

Figure 4

Average number of cigarettes usually smoked per day in the past 30 days among adults, by smoking status, in 2024



Source: Statistics Canada. https://health-infobase.canada.ca/substance-use/tobacco/surveillance/?0=0&1=0&2=4&3=0&4=0&5=0

One challenge when using survey data to measure the size of the total tobacco market is that the survey respondents typically underestimate their consumption. The accuracy of national surveys has been questioned because of declining response rates and increasing stigmatization of smoking. A downward bias may be expected in surveys that ask respondents questions about habits that could reflect negatively on them, including questions about the frequency of alcohol and tobacco usage and consumption[37]. In the case of tobacco products, this downward bias may be even greater for those respondents who purchase untaxed contraband products rather than legal products.

This same downward bias has been observed in smoking survey data in other jurisdictions. A study from the USA[38] found that smokers underestimate how many cigarettes they smoke by around 40%. A study from Italy[39] found that smokers under-reported their consumption by 35% in 2008 and that this number had grown over time.

A solution is to use an "uplift factor" to adjust the survey results upward by an amount that would offset the underreporting. This was used in the previous reports and is used again here. The rationale and methodology are more fully explained in Appendix 4 of the September 2023 report.[40]

This approach was also used in a Canada Revenue Agency report released in December 2020 entitled "*The Tax Gap for Federal Excise Duty on Cigarettes*" presenting the results of an analysis conducted for 2014. The CRA used CCHS data to measure total cigarette consumption and adjusted the results using an "uplift factor" of 1.54 meaning it assumed that the survey underreported actual prevalence by 35 percent.

The same methodological approach is used here to adjust the survey results upward. Two possible scenarios are assumed and presented below. In Scenario A, the same underreporting assumption of 35 percent and the same uplift factor of 1.54 are used. In Scenario B, a more conservative underreporting assumption of 20 percent is used instead and an uplift factor of 1.25 is derived using the uplift formula.

The results for Scenario A are shown for British Columbia in Table 7A and for Ontario in Table 8A.

The results for the more conservative Scenario B are shown for British Columbia in Table 7B and for Ontario in Table 8B.

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37 See Thierry Gagné, Estimation of smoking prevalence in Canada: Implications of survey characteristics in the CCHS and CTUMS/CTADS, Canadian Journal of Public Health / Revue Canadienne de Santé Publique, Vol. 108, No. 3 (2017).

38 See Alex C Liber, Kenneth E Warner, Has Underreporting of Cigarette Consumption Changed Over Time? Estimates Derived From US National Health Surveillance Systems Between 1965 and 2015, *American Journal of Epidemiology*, Volume 187, Issue 1, January 2018, Pages 113–119, https://doi.org/10.1093/aje/kwx196

39 See Gallus S, Tramacere I, Boffetta P, Fernandez E, Rossi S, Zuccaro P, Colombo P, La Vecchia C. Temporal changes of under-reporting of cigarette consumption in population-based studies. Tobacco Control. 2011 Jan;20(1):34-9. doi: 10.1136/tc.2009.034132. Epub 2010 Sep 21. PMID: 20861005.

40 See https://convenienceindustry.ca/wp-content/uploads/2024/09/EY-Report-on-Contraband-Tobacco-in-BC-Ontario-and-Nfld-September-2023.-FINAL.pdf

Table 7A
Contraband Estimates for British Columbia (x1.54 uplift factor)

		2023	2024	2025
	% Adult Smokers	9.5	8.1	8.0
	# Adult Daily Smokers	305,600	255,200	242,100
	# Adult Occasional Smokers (D - B)	107,400	114,700	127,900
	# Adult Daily and Occasional Smokers	413,000	369,900	370,000
	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.54 Uplift Factor	(1,438,917,600 + 35,280,900) = 1,474,198,500 x 1.54 = 2,270,265,690	(1,238,868,400 + 50,238,600) = 1,289,107,000 x 1.54 = 1,985,224,780	(1,175,274,450 + 56,020,200) = 1,231,294,450 x 1.54 = 1,896,193,453
	Annual Legal Sales	1,453,422,515	1,205,376,265	1,032,292,830
	Estimated Annual Contraband Sales (G – H)	816,843,175	779,848,515	863,900,623
	Estimated Contraband Market Share (%) (I ÷ G x 100)	36.0%	39.3%	45.6%

Table 8A
Contraband Estimates for Ontario (x1.54 uplift factor)

		2023	2024	2025

	% Adult Smokers	11.1	11.1	9.6
	# Adult Daily Smokers	1,030,200	1,058,900	871,600
	# Adult Occasional Smokers (D - B)	330,300	375,500	385,700
	# Adult Daily and Occasional Smokers	1,360,500	1,434,400	1,257,300
	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.54 Uplift Factor	(4,850,696,700 + 108,503,550) = 4,959,200,250 x1.54 = 7,637,168,385	(5,140,430,050 + 164,469,000) = 5,304,899,050 x 1.54 = 8,169,544,537	(4,231,182,200 + 168,936,600) = 4,400,118,800 x 1.54 = 6,776,182,952
	Annual Legal Sales	4,119,969,237	3,577,222,260	3,168,671,760
	Estimated Annual Contraband Sales (G – H)	3,517,199,148	4,592,319,277	3,607,511,192
	Estimated Contraband Market Share (%) (I ÷ G x 100)	46.1%	56.2%	53.2%

Table 7B
Contraband Estimates for British Columbia (x1.25 uplift factor)

		2023	2024	2025
	% Adult Smokers	9.5	8.1	8.0
	# Adult Daily Smokers	305,600	255,200	242,100
	# Adult Occasional Smokers (D - B)	107,400	114,700	127,900
	# Adult Daily and Occasional Smokers	413,000	369,900	370,000
	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.25 Uplift Factor	(1,438,917,600 + 35,280,900) = 1,474,198,500 x 1.25 = 1,842,748,125	(1,238,868,400 + 50,238,600) = 1,289,107,000 x 1.25 = 1,611,383,750	(1,175,274,450 + 56,020,200) = 1,231,294,450 x 1.25 = 1,539,118,062
	Annual Legal Sales	1,453,422,515	1,205,376,265	1,032,292,830
	Estimated Annual Contraband Sales (G – H)	389,325,610	406,007,485	506,825,232
	Estimated Contraband Market Share (%) (I ÷ G x 100)	21.1%	25.2%	32.9%

Table 8B
Contraband Estimates for Ontario (x1.25 uplift factor)

		2023	2024	2025

	% Adult Smokers	11.1	11.1	9.6
	# Adult Daily Smokers	1,030,200	1,058,900	871,600
	# Adult Occasional Smokers (D - B)	330,300	375,500	385,700
	# Adult Daily and Occasional Smokers	1,360,500	1,434,400	1,257,300
	Daily Smokers: Daily Consumption (# of Cigarettes)	12.9 (Canada average)	13.3 (Canada average)	13.3 (assumed same as 2024)
	Occasional Smokers: Daily Consumption (# of Cigarettes)	0.9 (Canada average)	1.2 (Canada average)	1.2 (assumed same as 2024)
	Total Annual Consumption (# of Cigarettes) (B x E x 365) + (C x F x 365) x 1.25 Uplift Factor	(4,850,696,700 + 108,503,550) = 4,959,200,250 x1.25 = 6,199,000,312	(5,140,430,050 + 164,469,000) = 5,304,899,050 x 1.25 = 6,631,123,812	(4,231,182,200 + 168,936,600) = 4,400,118,800 x 1.25 = 5,500,148,500
	Annual Legal Sales	4,119,969,237	3,577,222,260	3,168,671,760
	Estimated Annual Contraband Sales (G – H)	2,079,031,075	3,053,901,552	2,331,476,740
	Estimated Contraband Market Share (%) (I ÷ G x 100)	33.5%	46.1%	42.4%

This analysis concludes that in 2023 the contraband market in British Columbia could have accounted for between 21.1% and 36% of the total market and in Ontario between 33.5% and 46.1% of the total market.[41]

In 2024 the illicit market may have grown to between 25.2% and 39.3% of the total market in British Columbia and to between 46.1% and 56.2% of the total market in Ontario.

In 2025 the illicit market may have continued to grow to between 32.9% and 45.6% of the total market in British Columbia, while in Ontario it may have stabilized somewhat but at a very high level of between 42.4% and 53.2% of the total market.

[41] It is recognized here that legal sales have been declining not only because of smokers switching from legally purchased cigarettes to contraband cigarettes, but also because some smokers have successfully quit smoking altogether or have switched to vaping products and are in the process of quitting smoking, This has no impact on the accuracy of the calculations and results here, however, because there would be an equivalent decline in reported smoking prevalence in the surveys matching the decline in legal sales data. The difference in total consumption measured from the surveys and legal sales as calculated here should still represent the proportion of contraband in the total market. That said, this methodology and available data cannot entirely eliminate or account for potential effects arising from survey measurement, consumption intensity or timing differences between survey and legal-sales data.

XI. Quantification of Potential Provincial and Federal Tobacco Tax Revenue Loss

Section IV of the report estimated the annual size of the contraband market in terms of the absolute volume of contraband cigarettes sold, as well as by the percentage of the total market legal and contraband products represented each year.

This section of the report provides a quantitative estimate of the potential revenue shortfall these two provinces may have suffered in the last three fiscal years as a result of contraband sales.

This estimation involves a comparison of revenues that were actually collected each year (call this the "Baseline Scenario") and alternative scenarios where purchases of at least some of the untaxed contraband would have been replaced by purchases of legal products taxed at the provincial tobacco tax rate ("Counterfactual Scenarios A and B").

Multiplying the provincial tax tobacco rate by the quantity of all contraband cigarettes estimated to have been sold each year would establish the upper feasible bound for the tobacco tax revenue loss, but this would likely represent an unrealistically high estimate of the revenue loss because a good portion of these untaxed contraband purchases would not likely have continued to be purchased by smokers at the much higher tax-inclusive price. Smokers of contraband would instead attempt to cut back considerably on their purchases rather than purchase the same quantities of cigarettes at the higher legal price.

For this reason, both the two counterfactual scenarios A and B instead assume consumers of contraband cigarettes manage to reduce their consumption by one half through some combination of reduced smoking prevalence and reduced consumption rather than purchasing the same quantities of tax-paid cigarettes. In other words, the likely provincial revenue loss each year is calculated on the basis of the tobacco tax rate times one half the quantity of contraband cigarettes estimated to have been sold that year. The calculations are shown in Appendix 2, and the results are summarized here in Table 9A (for Scenario A, as summarized in Tables 7A and 8A) and Table 9B (for Scenario B, as summarized in Tables 7B and 8B).

The results show a substantial leakage of tobacco tax revenue for these two provinces. In BC, if half the contraband sales had instead been legal sales, in 2023 tobacco tax revenues could have been between $63.3 million and $132.7 million higher, which translates into an increase of at least 13.3% and possibly as much as 27.8% compared to what was actually collected that year ($477 million actually collected compared to total revenue that would have been collected of between $540.3 million to $609.7 million).

In 2024 there could have been an increase in tobacco tax revenue collected of between $66 million and $126.7 million, which translates into an increase of from 16% to 30.8% compared to what was actually collected that year ($412 million actually collected compared to total revenue that would have been collected of $478 million to $538.78 million). In 2025 there could have been an increase in revenue of between $82.4 million and $140.4 million.

In Ontario, if even half these contraband sales had instead been legal sales, tobacco tax revenues could have been between $192 million and $325 million higher in 2023, representing a 19% to 29% increase compared to what was actually collected that year ($813 million actually collected compared to the total revenue that would have been collected of between $1.0 billion and $1.14 billion), and there could have been an increase of between $282 million and $424 million in 2024, representing somewhere between a 40% to 61% increase that year in what they actually collected ($693 million actually collected compared to revenue that would likely have been collected of between $975 million and $1.12 billion). In 2025 there could have been an increase in revenue of between $215.3 million and $333.2 million.

This does not include the possible losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes, or secondary fiscal effects arising from consumers redirecting expenditures to other goods and services.

Table 9A
Upper-Bound Estimate of Tobacco Tax Revenue Loss by Province:
2023 – 2025

Year	British Columbia	Ontario
2023	$132,737,015	$324,901,271
2024	$126,725,383	$424,215,493
2025	$140,383,851	$333,243,846

Table 9B
Lower-Bound Estimate of Tobacco Tax Revenue Loss by Province:
2023 – 2025

Year	British Columbia	Ontario
2023	$63,265,411	$192,050,495
2024	$65,976,216	$282,104,155
2025	$82,359,100	$215,370,163

Table 10A
Upper-Bound Estimate of Federal Excise Duty Revenue Loss:
2023 – 2025

Year	In British Columbia	In Ontario	TOTAL
2023	$64,662,939	$278,428,519	$343,091,458
2024	$72,434,669	$426,548,391	$498,983,060
2025	$82,408,344	$344,124,100	$426,532,444

Table 10B
Lower-Bound Estimate of Federal Excise Duty Revenue Loss:
2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$30,819,793	$164,580,258	$195,400,051
2024	$37,711,193	$283,655,537	$321,366,730
2025	$48,346,565	$222,401,897	$270,748,462

The likely reductions in federal excise duty are shown for scenario A in Table 10A and for scenario B in Table 10B. In the absence of competing sales of untaxed contraband cigarettes, it is estimated here that federal revenues could have been between $195 million and $343 million higher in 2023; between $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

The federal and provincial governments have acknowledged for many years that contraband tobacco is a serious problem. Evaluating the effectiveness of the policy measures and enforcement actions they have implemented to date is beyond the scope of this report, but they have clearly not been sufficient to stem the growing tide of contraband.[42]

Tables 11A and 11B present estimates of the gross revenue realized by sellers of contraband cigarettes in

[42] The government of Quebec has been the most proactive in the area of tobacco enforcement, resourcing and interdiction and as a result the proportion of contraband there appears to have stabilized at much lower levels in recent years.

these two provinces in 2023, 2024 and 2025. The gross revenue is derived by multiplying the estimated volume of contraband sold in each province under each assumed scenario by an assumed average retail price of $40/carton of 200 cigarettes.

Table 11A

Scenario A: Estimated Upper Bound Gross Revenue from Contraband Production and Sale by Province: 2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$163,368,635	$703,439,829	$866,808,464
2024	$155,969,703	$918,463,855	$1,074,433,558
2025	$172,780,124	$721,502,238	$894,282,362

Table 11B

Scenario B: Estimated Lower Bound Gross Revenue from Contraband Production and Sale by Province: 2023 – 2025

Year	British Columbia	Ontario	TOTAL
2023	$77,865,122	$415,806,215	$493,671,337
2024	$81,201,497	$610,780,310	$691,981,807
2025	$101,365,046	$466,295,348	$567,660,394

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

XII. Conclusions

The evidence and analysis presented in this report show that contraband cigarettes likely continue to account for a significant percentage of total market sales in British Columbia and Ontario, that this results in a substantial reduction in tobacco tax revenues for the provincial and federal governments and it is a lucrative source of revenue for criminal organizations.

This analysis concludes that in 2023 the contraband market in British Columbia possibly accounted for between 21.1% and 36% of the total market and in Ontario between 33.5% and 46.1% of the total market.

In 2024 the illicit market had possibly grown to between 25.2% and 39.3% of the total market in British Columbia and in Ontario to between 46.1% and 56.2% of the total market.

In 2025 the estimated size of the contraband market possibly grew even further in British Columbia to a level of between 32.9% and 45.6% of the total market, while in Ontario it possibly stabilized to a level somewhere between 42.4% and 53.2% of the total market.

Sales of unregulated and untaxed contraband cigarettes result in a substantial leakage of potential tobacco tax revenue for these two provinces. In BC, if half the estimated contraband sales had instead been legal sales, in 2023 tobacco tax revenues could have been between $63.3 million and $132.7 million higher, which translates into an increase of at least 13.3% and possibly as much as 27.8% compared to what was actually collected that year ($477 million actually collected compared to total revenue that could have been collected of between $540.3 million to $609.7 million).

In 2024 there could have been an increase in tobacco tax revenue collected of between $66 million and $126.7 million, which translates into 16% to 30.8% more than was actually collected that year ($412 million actually collected compared to total revenue that could have collected of $478 million to $538.8 million). In 2025 there could have been an increase in tobacco tax revenues of between $82.4 million and $140.4 million.

In Ontario, if even half these contraband sales had instead been legal sales, tobacco tax revenues could have been between $192 million and $325 million higher in 2023, representing a 19% to 29% increase compared to what was actually collected that year ($813 million actually collected compared to the total revenue that could have been collected of between $1.0 billion and $1.14 billion), and there could have been an increase of between $282 million and $424 million in 2024, representing somewhere between a 40% to 61% increase that year in what they actually collected ($693 million actually collected compared to revenue that could likely have been collected of between $975 million and $1.12 billion). In 2025 there could have been an increase in tax revenue of between $215.3 million and $333.2 million.

This does not include the losses in other provincial taxes that are associated with this reduction in legal sales, including sales taxes and business and personal income taxes.

Meanwhile, at the federal level, it is estimated here that excise duty revenue collected by the federal government from cigarette sales in these two provinces alone could have been between $195 million and $343 million higher in 2023; between $321 million and $499 million higher in 2024; and between $271 million and $427 million higher in 2025.

It is estimated that the annual gross revenue realized from sales of contraband cigarettes on the illicit market in these two provinces was probably between $493 million and $866 million in 2023; probably between $692 million and $1 billion in 2024; and probably between $567 million and $894 million in 2025.

Some of this gross revenue is used to cover contraband production, distribution and sale costs. The rest is realized profit. Where that profit goes and what it finances is beyond the scope of this study, but the distribution and sale of contraband cigarettes is clearly seen as a major criminal enterprise in these two provinces.

The nature and extent of involvement by organized crime groups in the production, distribution and sale of contraband tobacco products is beyond the scope of this report. However, there is considerable anecdotal evidence of their involvement and some portion of the profit from the revenues that are estimated here is seen as financing their other criminal activities.[43] The Royal Canadian Mounted Police (RCMP) has stated that "Revenues from contraband tobacco often support organized crime activities, such as drug trafficking, human trafficking, and firearms smuggling."[44]

[43] See for example, Christian Leuprecht, *Smoking Gun: Strategic Containment of Contraband Tobacco and Cigarette Trafficking in Canada*, Part 3: Organized Crime and Contraband, pages 22-27.

[44] Royal Canadian Mounted Police, August 13, 2025, News Release, "Nearly $500K in tobacco seized at the Cornwall border this spring". https://rcmp.ca/en/news/2025/08/nearly-500k-tobacco-seized-cornwall-border-spring

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Appendix 1

Legal Cigarette Sales in British Columbia and Ontario, 2019 – 2025

Table A1

British Columbia (millions of sticks)

YEAR	2019	2020	2021	2022	2023	2024	2025
Total	2,498.3	2,365.5	2,108.0	1,672.2	1,453.4	1,205.4	1,032.3

Table A2

Ontario (millions of sticks)

YEAR	2019	2020	2021	2022	2023	2024	2025
Total	5,909.9	5,825.7	5,261.7	4,714.7	4,119.9	3,577.2	3,168.7

Figure A1

British Columbia Legal Cigarette Sales, 2019 to 2025
(Millions of sticks)

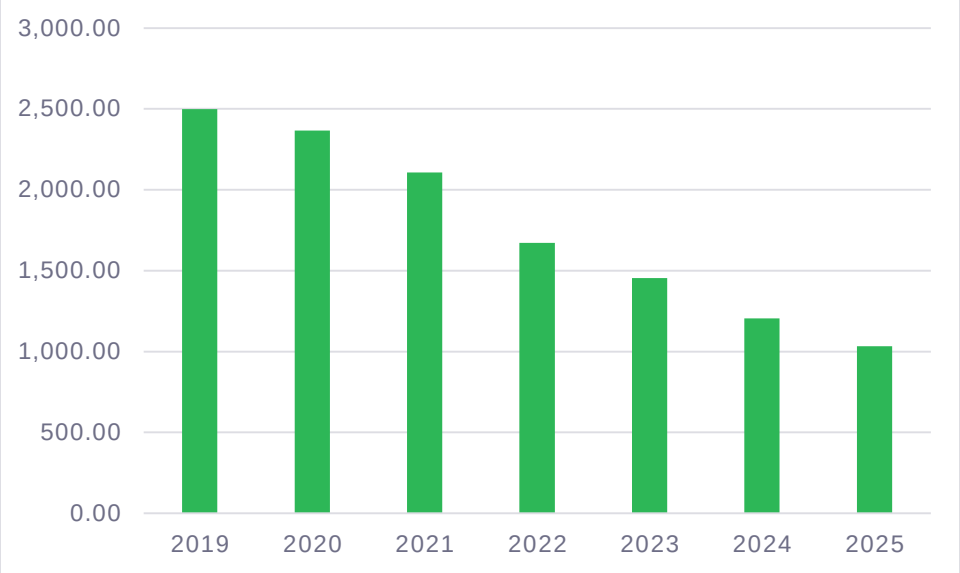
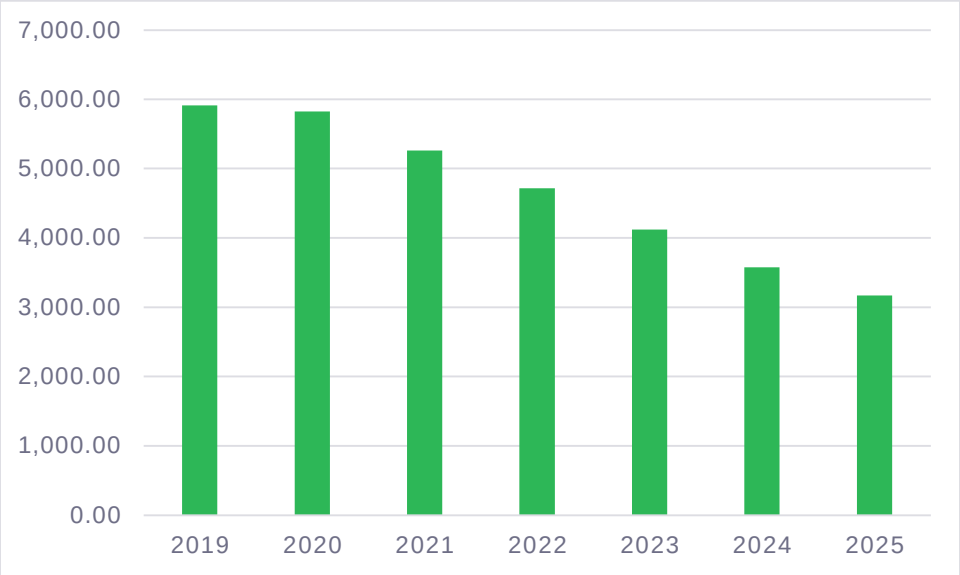


Figure A2
Ontario Legal Cigarette Sales, 2019 to 2025
(Millions of sticks)



Appendix 2

Tobacco Tax Rates, 2023 – 2026

Federal Excise duty on cigarettes

Product	Rate effective April 1, 2026	Rate effective April 1, 2025 to March 31, 2026	Rate effective April 17,2024 to March 31, 2025	Rate effective April 1 to April 16, 2024	Rate effective April 1, 2023 to March 31, 2024	Rate effective April 1, 2022 to March 31, 2023
Cigarettes[1]	$0.97299	$0.95391	$0.92883	$0.82883	$0.79162	$0.74470

[1] Rates are per 5 cigarettes or fraction of 5 cigarettes contained in any package

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edrates/excise-duty-rates.html#_Toc527013627

British Columbia tobacco tax

$0.325/cigarette = $8.125/pack of 25 (effective July 1, 2021; effective July 1, 2022, 7% PST also applies)

https://www2.gov.bc.ca/gov/content/taxes/sales-taxes/tobacco-tax

Ontario tobacco tax

$0.18475/cigarette = $4.6187/pack of 25 (effective March 29, 2018)

https://www.fin.gov.on.ca/en/tax/tt/

Tobacco Tax Revenue Collected, 2023 – 2025

Federal

Description	use in the current year	used in the current year	used in the previous year
Canada Revenue Agency			
Budgetary (respendable revenues)			
Benefits	133,730	133,730	138,099
Tax	391,287,112	391,287,112	403,101,448
Internal Services	94,279,006	94,279,006	88,723,574
Total Ministry—Budgetary	**485,699,848**	**485,699,848**	**491,963,121**

Canada Revenue Agency		
Tax revenues		
Income tax		
Personal	*200,075,557,567*	*186,295,671,284*
Corporate		
Corporate	93,593,342,631	79,119,825,835
Canadian Emergency Wage Subsidy	167,324,055	420,425,285
Canadian Emergency Rent Subsidy	56,358,130	148,507,336
Canada Recovery Hiring Program	1,726,336	1,786,534
Tourism and Hospitality Recovery Program—Wage (Industry portion)	9,105,481	274,861
Tourism and Hospitality Recovery Program—Wage (Lockdown portion)	1,784,929	1,180,506
Tourism and Hospitality Recovery Program—Rent (Industry portion)	2,435,645	(1,005,548)
Tourism and Hospitality Recovery Program—Rent (Lockdown portion)	1,436,067	1,744,539
Hardest-hit Business Recovery Program—Wage	4,747,340	8,273,154
Hardest-hit Business Recovery Program—Rent	14,794,368	2,960,294
	93,853,054,982	*79,703,972,796*
Non-residents	*13,528,340,535*	*12,540,774,790*
	307,456,953,084	278,540,418,870
Goods and services tax (GST)/Harmonized sales tax (HST)	28,534,547,477	27,901,979,179
Government tax remission order	(3,524,773,569)	(3,317,307,681)
Credit to persons	(6,266,125,515)	(5,974,832,368)
	18,743,648,393	18,609,839,130
Excise tax—Motive fuel—Gasoline	4,286,388,296	4,257,169,326
Excise tax—Aviation gasoline and diesel fuel		
Aviation gasoline and jet fuel	92,094,718	142,521,717
Diesel fuel	1,197,293,884	1,123,273,537
	1,289,388,602	1,265,795,254
Excise duties		
Spirits	920,437,845	846,371,468
Beer	598,106,853	568,185,788
Spirit coolers	108,843,760	130,951,354
Wine	333,225,036	386,706,100
Cigarettes	1,550,568,297	1,433,570,097
Cigars	4,837,009	12,318,612
Manufactured tobacco	46,926,375	52,387,134

Source: Public Accounts of Canada 2025, Volume II, Details of Expenses and Revenues.
https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2025/pdf/2025-vol2-eng.pdf

CRA Excise Duty on Cigarettes, 2023-24: $1,433,570,097
CRA Excise Duty on Cigarettes, 2024-25: $1,550,568,297

Canada Border Services Agency

Tax revenues		
Goods and services tax (GST)/Harmonized sales tax (HST)	33,799,772,589	32,840,998,728
Government tax remission order	(40,615,480)	(34,397,067)
	33,759,157,109	32,806,601,661
Excise tax—Motive fuel—Gasoline	74,272,854	76,069,657
Customs import duties	6,263,907,425	5,571,190,163
Excise duties		
Spirits	7,366,132	288,890
Beer	70,028,788	69,480,301
Cigarettes	1,158,816,474	988,314,556
Cigars	55,023,559	36,872,859
Canadian raw leaf tobacco	49,678,688	77,967,400
Cannabis products	70	–
Vaping products	211,105,208	246,032,168
	1,552,018,919	1,418,956,174
Other excise taxes and duties—Manufacturers' taxes		
Automobiles	705,350	3,689,154
Automotive air conditioners	25,264,277	24,954,131
Wines	8,017,243	4,150,957
Luxury Tax	9,158,426	2,621,044
Jewellery	452	–
Sundries	4,410,376	949,849
	47,556,124	36,365,135
Total tax revenues	**41,696,912,431**	**39,909,182,790**
Interest and penalties	63,893,244	178,065,646
Other miscellaneous revenues		
Court fines	43,366,326	188,588
Seizures	9,387,453	7,559,087
Sundries	2,511,874	2,334,875
	119,158,897	188,148,196
Total other revenues	**169,271,364**	**229,010,800**
Total Agency	**41,866,183,795**	**40,138,193,590**
Canadian Security Intelligence Service		
Other revenues		
Return on investments		
Other accounts		
Interest on bank deposits	16,232	14,437
Refunds and adjustments		
Refunds of previous years' expenditures	776,509	331,338
Adjustments to prior year's payables	168,016	223,181
Recovery of salary overpayment, receivable transferred from other government departments	10,268	2,710
	954,793	557,229
Sales of goods and services		
Lease and use of public property		
Deferred revenues	10,480	–
Services of a regulatory nature	994,395	936,405
Other fees and charges	2,974,940	2,513,957
	3,979,815	3,450,362

Public Accounts of Canada 2024–2025 473 **Section 27—Public Safety**

Source: Public Accounts of Canada 2025, Volume II, Details of Expenses and Revenues.
https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2025/pdf/2025-vol2-eng.pdf

CBSA Excise Duty on Cigarettes, 2023-24: $988,314,556
CBSA Excise Duty on Cigarettes, 2024-25: $1,158,816,474

Total excise duty on cigarettes, 2023-24: $1,433,570,097 + $988,314,556 = $2,421,884,653
Total excise duty on cigarettes, 2024-25: $1,550,568,297 + $1,158,816,474= $2,709,384,771

British Columbia

2023/24 UPDATED FINANCIAL FORECAST *(THIRD QUARTERLY REPORT)*

Table 4.7 2023/24 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2023/24			Actual	2023/24			Actual
($ millions)	Budget	Actual	Variance	2022/23 [1]	Budget	Forecast	Variance	2022/23
Taxation								
Personal income	11,827	11,888	61	12,750	15,953	16,442	489	17,268
Corporate income	4,614	3,787	(827)	6,372	5,938	6,085	147	9,156
Employer health	2,048	2,059	11	2,045	2,731	2,773	42	2,720
Sales [2]	7,679	7,928	249	7,586	10,187	10,362	175	9,818
Fuel	809	787	(22)	798	1,072	1,030	(42)	1,021
Carbon	1,985	1,886	(99)	1,542	2,811	2,650	(161)	2,161
Tobacco	455	399	(56)	444	565	510	(55)	531
Property	2,593	2,669	76	2,336	3,488	3,592	104	3,253
Property transfer	1,428	1,625	197	1,950	1,799	1,950	151	2,293
Insurance premium	586	615	29	592	780	825	45	804
	34,024	**33,643**	**(381)**	**36,415**	**45,324**	**46,219**	**895**	**49,025**
Natural resource								
Natural gas royalties	1,505	576	(929)	1,662	2,016	684	(1,332)	2,255
Forests	589	501	(88)	1,445	846	691	(155)	1,887
Other natural resource revenues [3]	1,424	1,228	(196)	1,478	1,902	1,640	(262)	2,056
	3,518	**2,305**	**(1,213)**	**4,585**	**4,764**	**3,015**	**(1,749)**	**6,198**
Other revenue								
Post-secondary education fees	1,916	1,975	59	1,834	2,770	2,837	67	2,651
Fees and licenses [4]	1,627	1,755	128	1,592	2,412	2,525	113	2,277
Investment earnings	1,128	1,206	78	1,041	1,349	1,335	(14)	1,316
Miscellaneous [5]	2,676	3,400	724	3,185	3,989	4,154	165	4,445
	7,347	**8,336**	**989**	**7,652**	**10,520**	**10,851**	**331**	**10,689**
Contributions from the federal government								
Health and social transfers	6,728	7,101	373	6,525	8,970	9,386	416	8,769
Other federal government contributions [6]	2,232	1,987	(245)	1,713	4,623	4,642	19	3,757
	8,960	**9,088**	**128**	**8,238**	**13,593**	**14,028**	**435**	**12,526**
Commercial Crown corporation net income								
BC Hydro [7]	367	344	(23)	342	712	314	(398)	360
Liquor Distribution Branch	927	935	8	958	1,150	1,150	-	1,199
BC Lottery Corporation [8]	1,080	1,055	(25)	1,208	1,456	1,416	(40)	1,584
ICBC [9]	69	617	548	(372)	-	140	140	(197)
Other [10]	147	159	12	143	171	187	16	152
	2,590	**3,110**	**520**	**2,279**	**3,489**	**3,207**	**(282)**	**3,098**
Total revenue	**56,439**	**56,482**	**43**	**59,169**	**77,690**	**77,320**	**(370)**	**81,536**

[1] Restated to reflect government's current accounting policies.
[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.
[3] Columbia River Treaty, other energy and minerals, water rental and other resources.
[4] Healthcare-related, motor vehicle, and other fees.
[5] Includes reimbursements for health care and other services provided to external agencies, and other recoveries.
[6] Includes contributions for health, education, community development, housing and social service programs, transportation projects and payments under the *Disaster Financial Assistance Arrangements*.
[7] Includes the $340 million cost of the BC Electricity Affordability Credit. Total cost of the credit is $370 million, which includes non-BC Hydro customers.
[8] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.
[9] 2022/23 full year actual does not include non-controlling interest and will be restated in future quarterly reports to reflect the adoption of IFRS 9 and IFRS 17.
[10] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2024 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2024/pdf/2024_budget_and_fiscal_plan.pdf

Table 4.7 2024/25 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2024/25			Actual	2024/25			Actual
($ millions)	Budget	Actual	Variance	2023/24 [1]	Budget	Forecast	Variance	2023/24
Taxation								
Personal income	12,319	12,693	374	11,888	16,638	17,027	389	16,443
Corporate income	5,217	4,689	(528)	3,787	8,236	8,262	26	6,085
Employer health	2,116	2,358	242	2,059	2,803	3,130	327	2,886
Sales [2]	8,278	8,010	(268)	7,928	10,762	10,412	(350)	10,330
Fuel	808	765	(43)	787	1,020	963	(57)	982
Carbon	1,833	1,825	(8)	1,886	2,565	2,558	(7)	2,642
Tobacco	406	352	(54)	399	510	450	(60)	477
Property	2,800	2,852	52	2,669	3,779	3,839	60	3,605
Property transfer	1,610	1,589	(21)	1,625	2,055	2,020	(35)	1,993
Insurance premium and other	629	649	20	615	846	871	25	853
	36,016	**35,782**	**(234)**	**33,643**	**49,214**	**49,532**	**318**	**46,296**
Natural resource								
Natural gas royalties	556	400	(156)	576	754	576	(178)	823
Forests	478	396	(82)	501	689	501	(188)	657
Other natural resource revenues [3]	1,284	912	(372)	1,228	1,707	1,257	(450)	1,663
	2,318	**1,708**	**(610)**	**2,305**	**3,150**	**2,334**	**(816)**	**3,143**
Other revenue								
Post-secondary education fees	2,042	2,040	(2)	1,975	2,937	2,874	(63)	2,840
Other fees and licenses [4]	1,734	1,857	123	1,761	2,531	2,607	76	2,427
Investment earnings	1,156	1,664	508	1,205	1,424	1,874	450	1,718
Miscellaneous [5]	3,182	3,772	590	3,400	4,508	4,963	455	4,988
	8,114	**9,333**	**1,219**	**8,341**	**11,400**	**12,318**	**918**	**11,973**
Contributions from the federal government								
Health and social transfers	7,106	7,155	49	7,101	9,475	9,544	69	9,390
Other federal government contributions [6]	2,696	2,316	(380)	1,987	4,971	4,645	(326)	4,344
	9,802	**9,471**	**(331)**	**9,088**	**14,446**	**14,189**	**(257)**	**13,734**
Commercial Crown corporation net income								
BC Hydro	392	324	(68)	344	712	572	(140)	323
Liquor Distribution Branch	889	891	2	935	1,090	1,076	(14)	1,148
BC Lottery Corporation [7]	990	984	(6)	1,055	1,323	1,284	(39)	1,429
ICBC	40	1,222	1,182	617	-	1,400	1,400	1,399
Other [8]	66	147	81	159	188	163	(25)	178
	2,377	**3,568**	**1,191**	**3,110**	**3,313**	**4,495**	**1,182**	**4,477**
Total revenue	**58,627**	**59,862**	**1,235**	**56,487**	**81,523**	**82,868**	**1,345**	**79,623**

[1] Restated to reflect government's current accounting policies.

[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.

[3] Columbia River Treaty, other energy and minerals, water rental and other resources.

[4] Healthcare-related, motor vehicle, and other fees.

[5] Includes reimbursements for health care and other services provided to external agencies, and other recoveries.

[6] Includes contributions for health, education, community development, housing and social service programs, and transportation projects.

[7] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.

[8] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2025 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2025/pdf/2025_Budget_and_Fiscal_Plan.pdf

Table 4.7 2025/26 Revenue by Source

	Year-to-Date to December 31				Full Year			
	2025/26			Actual	2025/26			Actual
($ millions)	Budget	Actual	Variance	2024/25 [1]	Budget	Forecast	Variance	2024/25
Taxation								
Personal income	13,152	13,808	656	12,693	17,751	19,186	1,435	17,026
Corporate income	4,143	4,958	815	4,689	6,209	7,957	1,748	8,262
Employer health	2,375	2,327	(48)	2,358	3,147	3,075	(72)	3,056
Sales [2]	8,367	8,209	(158)	8,010	10,961	10,687	(274)	10,363
Fuel	738	798	60	765	950	1,014	64	979
Carbon [3]	2,220	242	(1,978)	1,825	3,046	262	(2,784)	2,606
Tobacco	364	252	(112)	352	450	291	(159)	412
Property	2,990	3,002	12	2,852	4,025	4,067	42	3,837
Property transfer	1,773	1,345	(428)	1,589	2,247	1,750	(497)	2,005
Insurance premium and other	663	700	37	649	913	935	22	900
	36,785	**35,641**	**(1,144)**	**35,782**	**49,699**	**49,224**	**(475)**	**49,446**
Natural resource								
Natural gas royalties	633	530	(103)	400	920	942	22	672
Forests	436	410	(26)	396	639	505	(134)	514
Other natural resource revenues [4]	1,109	835	(274)	912	1,438	1,108	(330)	1,230
	2,178	**1,775**	**(403)**	**1,708**	**2,997**	**2,555**	**(442)**	**2,416**
Other revenue								
Post-secondary education fees	1,915	1,881	(34)	2,040	2,733	2,691	(42)	2,911
Other Fees and licenses [5]	1,802	1,918	116	1,857	2,539	2,607	68	2,557
Investment earnings	1,321	1,501	180	1,664	1,815	1,823	8	2,159
Miscellaneous [6]	3,430	6,968	3,538	3,772	4,932	7,657	2,725	5,460
	8,468	**12,268**	**3,800**	**9,333**	**12,019**	**14,778**	**2,759**	**13,087**
Contributions from the federal government								
Health and social transfers	7,433	7,371	(62)	7,155	9,911	9,822	(89)	9,542
Other federal government contributions [7]	3,021	2,479	(542)	2,316	5,366	4,788	(578)	4,765
	10,454	**9,850**	**(604)**	**9,471**	**15,277**	**14,610**	**(667)**	**14,307**
Commercial Crown corporation net income								
BC Hydro	316	353	37	324	712	712	-	587
Liquor Distribution Branch	846	816	(30)	891	1,027	950	(77)	1,094
BC Lottery Corporation [8]	940	966	26	984	1,279	1,269	(10)	1,295
ICBC	656	837	181	1,222	800	800	-	1,653
Other [9]	144	159	15	147	193	184	(9)	161
	2,902	**3,131**	**229**	**3,568**	**4,011**	**3,915**	**(96)**	**4,790**
Total revenue	**60,787**	**62,665**	**1,878**	**59,862**	**84,003**	**85,082**	**1,079**	**84,046**

[1] Restated to reflect government's current accounting policies.

[2] Includes provincial sales tax and HST/PST housing transition tax related to prior years.

[3] includes only revenue related to output-based pricing system.

[4] Columbia River Treaty, other energy and minerals, water rental and other resources.

[5] Healthcare-related, motor vehicle, and other fees.

[6] Miscellaneous revenue includes $2.725 billion in 2025/26 in relation to the tobacco settlement.

[7] Includes contributions for health, education, community development, housing and social service programs, and transportation projects.

[8] Net of payments to the federal government and payments to the BC First Nations Gaming Revenue Sharing Limited Partnership in accordance with section 14.3 of the *Gaming Control Act (B.C.)*.

[9] Includes Columbia Power Corporation, BC Railway Company, Columbia Basin power projects, and post-secondary institutions' self-supported subsidiaries.

Source: 2026 British Columbia Budget.
https://www.bcbudget.gov.bc.ca/2026/pdf/2026_Budget_and_Fiscal_Plan.pdf

Ontario

Chapter 3: Ontario's Fiscal Plan and Outlook

Details of Ontario's Finances

Table 3.9

Total Revenue[1]

($ Millions)

	Actual 2023–24	Actual 2024–25	Interim 2025–26	Plan 2026–27
Taxation Revenue				
Personal Income Tax	50,773	55,701	61,900	65,108
Sales Tax	39,864	39,363	39,201	39,871
Corporations Tax	23,094	27,757	27,638	28,618
Education Property Tax	5,810	5,887	5,937	5,981
Employer Health Tax	8,581	9,061	9,507	9,812
Ontario Health Premium	5,008	5,221	5,234	5,518
Gasoline Tax	1,620	1,719	1,728	1,737
Land Transfer Tax	3,538	3,736	3,444	3,785
Tobacco Tax	813	693	715	602
Fuel Tax	517	514	535	540
Beer, Wine and Spirits Taxes	593	530	443	262
Electricity Payments in Lieu of Taxes[2]	529	54	529	350
Ontario Portion of the Federal Cannabis Excise Duty	346	390	396	405
Other Taxes	728	891	750	1,043
	141,814	**151,517**	**157,958**	**163,633**
Government of Canada Transfers				
Canada Health Transfer	19,286	20,363	21,393	22,406
Canada Social Transfer	6,407	6,611	6,813	7,000
Equalization	421	576	546	406
Infrastructure Programs	609	1,124	929	1,104
Labour Market Programs	1,149	921	955	1,064
Social Housing Agreement	218	173	133	98
Other Federal Payments	5,621	6,174	7,624	7,070
Direct Transfers to Broader Public Sector Organizations	625	691	670	684
	34,336	**36,633**	**39,064**	**39,831**
Income from Government Business Enterprises				
Liquor Control Board of Ontario	2,574	2,171	1,793	1,896
Ontario Power Generation Inc./Hydro One Ltd.	2,065	2,581	2,704	1,818
Ontario Lottery and Gaming Corporation	2,368	2,247	2,344	2,219
Ontario Cannabis Store	244	247	237	236
iGaming Ontario	176	219	262	294
	7,427	**7,465**	**7,341**	**6,462**

continued…

Source: 2026 Ontario Budget, Ontario's Fiscal Plan and Outlook, Chapter 3, Details of Ontario's Finances. https://budget.ontario.ca/2026/pdf/2026-ontario-budget-en.pdf

Estimated Provincial Revenue Loss

British Columbia (1.54 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	816,843,175 ÷ 2 = 408,421,587	779,848,515 ÷ 2 = 389,924,257	863,900,623 ÷ 2 = 431,950,311
Estimated Tobacco Tax Revenue Loss	408,421,587 x $0.325 = $132,737,015	389,924,257 x $0.325 = $126,725,383	431,950,311 x $0.325 = $140,383,851

British Columbia (1.25 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	389,325,610 ÷ 2 = 194,662,805	406,007,485 ÷ 2 = 203,003,742	506,825,232 ÷ 2 = 253,412,616
Estimated Tobacco Tax Revenue Loss	194,662,805 x $0.325 = $63,265,411	203,003,742 x $0.325 = $65,976,216	253,412,616 x $0.325 = $82,359,100

Ontario (1.54 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	3,517,199,148 ÷ 2 = 1,758,599,574	4,592,319,277 ÷ 2 = 2,296,159,638	3,607,511,192 ÷ 2 = 1,803,755,596
Estimated Tobacco Tax Revenue Loss	1,758,599,574 x $0.18475 = $324,901,271	2,296,159,638 x $0.18475 = $424,215,493	1,803,755,596 x $0.18475 = $333,243,846

Ontario (1.25 uplift factor)

	2023	2024	2025
Estimated Annual Contraband Sales (G – H)	2,079,031,075 ÷2 = 1,039,515,538	3,053,901,552 ÷ 2 = 1,526,950,776	2,331,476,740 ÷ 2 = 1,165,738,370
Estimated Tobacco Tax Revenue Loss	1,039,515,538 X $0.18475 = $192,050,495	1,526,950,776 x $0.18475 = $282,104,155	1,165,738,370 x $0.18475 = $215,370,163

Estimated Federal Excise Duty Revenue Loss

Upper Bound Federal excise duty revenue loss in BC, 2023 (1.54 uplift factor): $0.79162/5 cigs: $0.79162 x 408,421,587 ÷ 5 = $64,662,939

Upper Bound Federal excise duty revenue loss in BC, 2024 (1.54 uplift factor): $0.92883/5 cigs: $0.92883 x 389,924,257 ÷ 5 = $72,434,669

Upper Bound Federal excise duty revenue loss in BC, 2025 (1.54 uplift factor): $0.95391/5 cigs: $0.95391 x 431,950,311 ÷ 5 = $82,408,344

Lower Bound Federal excise duty revenue loss in BC, 2023 (1.25 uplift factor): $0.79162/5 cigs: $0.79162 x 194,662,805 ÷ 5 = $30,819,793

Lower Bound Federal excise duty revenue loss in BC, 2024 (1.25 uplift factor): $0.92883/5 cigs: $0.92883 x 203,003,742 ÷ 5 = $37,711,193

Lower Bound Federal excise duty revenue loss in BC, 2025 (1.25 uplift factor): $0.95391/5 cigs: $0.95391 x 253,412,616 ÷ 5 = $48,346,565

Upper Bound Federal excise duty revenue loss in Ontario, 2023 (1.54 uplift factor): $0.79162/5 cigs: $0.79162 x 1,758,599,574 ÷ 5 = $278,428,519

Upper Bound Federal excise duty revenue loss in Ontario, 2024 (1.54 uplift factor): $0.92883/5 cigs: $0.92883 x 2,296,159,638 ÷ 5 = $426,548,391

Upper Bound Federal excise duty revenue loss in Ontario, 2025 (1.54 uplift factor): $0.95391/5 cigs: $0.95391 x1,803,755,596 ÷ 5 = $344,124,100

Lower Bound Federal excise duty revenue loss in Ontario, 2023 (1.25 uplift factor): $0.79162/5 cigs: $0.79162 x 1,039,515,538 ÷ 5 = $164,580,258

Lower Bound Federal excise duty revenue loss in Ontario, 2024 (1.25 uplift factor): $0.92883/5 cigs: $0.92883 x 1,526,950,776 ÷ 5 = $283,655,537

Lower Bound Federal excise duty revenue loss in Ontario, 2025 (1.25 uplift factor): $0.95391/5 cigs: $0.95391 x 1,165,738,370 ÷ 5 = $222,401,897

Federal Excise Duty Revenue Loss
2023
Upper bound loss: $64,662,939 (BC) + $278,428,519 (ON) = $343,091,458
Lower bound loss: $30,819,793 (BC) + $164,580,258 (ON) = $195,400,051
2024
Upper bound loss: $72,434,669 (BC) + $426,548,391 (ON) = $498,983,060
Lower bound loss: $37,711,193 (BC) + $283,655,537 (ON) = $321,366,730
2025
Upper bound loss: $82,408,344 (BC) + $344,124,100 (ON) = $426,532,444
Lower bound loss: $48,346,565 (BC) + $222,401,897 (ON) = $270,748,462

Appendix 3

Retail Prices and Taxes on Cigarettes by Province and Territory

The most readily accessible online sources of comprehensive information on cigarette prices and taxes come from two main sources with competing objectives: on the one hand, Physicians for a Smoke-Free Canada who advocate for higher taxes on the assumption that the resulting high prices reduce cigarette consumption, and on the other hand, "Native Nicotine" who concurrently advocate for smokers to switch from high-priced legal cigarettes to low-priced, tax-free contraband cigarettes.

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $3.80 for a package of 20 cigarettes, consistent with the average wholesale prices provided to Health Canada, and an estimated retail market up of 10%.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

Source: Provincial finance and revenue ministry websites.

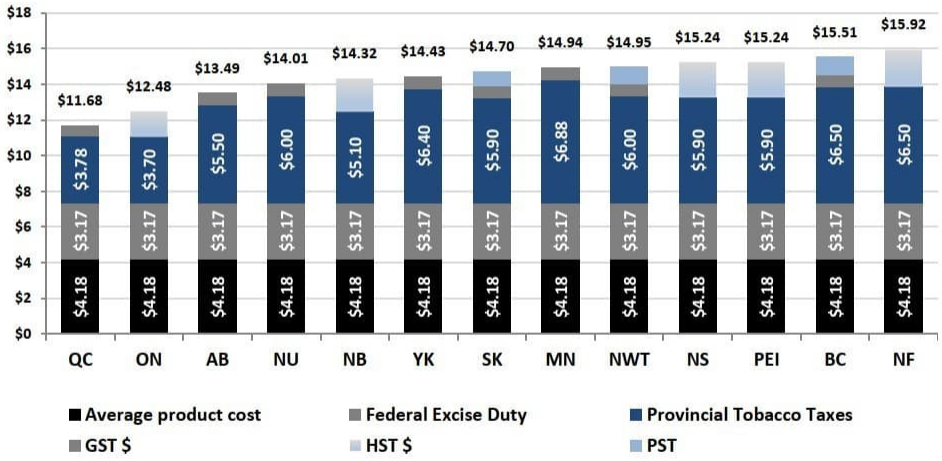
Estimated prices in effect April 1, 2023

Updated: March 3, 2023

Physicians for a Smoke-Free Canada

134 Caroline Avenue ♦ Ottawa ♦ Ontario ♦ K1Y 0S9
www.smoke-free.ca ♦ psc @ smoke-free.ca

Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2023



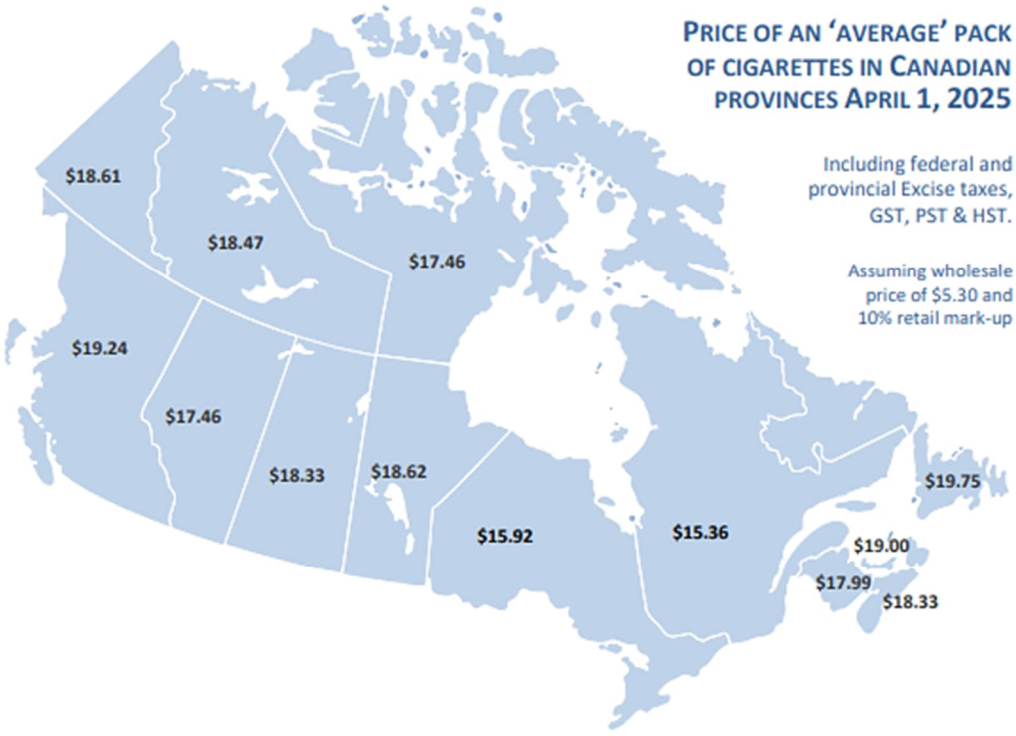
Taxes on a carton of 200 cigarettes in Canadian, April 1, 2023

	Excise Taxes			Sales taxes applied to tobacco				Cost of a package of 20 cigarettes
Per 200 cigarettes	Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$31.66	$65.00	$96.66	5%	7%		5%	$15.51
Alberta	$31.66	$55.00	$86.66	5%			5%	$13.49
Saskatchewan	$31.66	$59.00	$90.66	5%	6%		11%	$14.70
Manitoba	$31.66	$60.00	$91.66	5%	7%		12%	$14.95
Ontario	$31.66	$36.95	$68.61			13%	13%	$12.48
Quebec	$31.66	$37.80	$69.46	5%			5%	$11.68
New Brunswick	$31.66	$51.04	$82.70			15%	15%	$14.32
Nova Scotia	$31.66	$59.04	$90.70			15%	15%	$15.24
Prince Edward Island	$31.66	$59.04	$90.70			15%	15%	$15.24
Newfoundland	$31.66	$65.00	$96.66			15%	15%	$15.92
Northwest Territories	$31.66	$68.80	$100.46	5%			5%	$14.94
Nunavut	$31.66	$60.00	$91.66	5%			5%	$14.01
Yukon	$31.66	$64.00	$95.66	5%			5%	$14.43

Updated April 1, 2023 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/pdf_1/taxrates.pdf

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $5.30 for a package of 20 cigarettes, consistent with the average wholesale price provided to Health Canada in 2023, and an estimated retail market up of 10% of wholesale price and taxes.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

Source for tax rates: Provincial finance and revenue ministry websites.

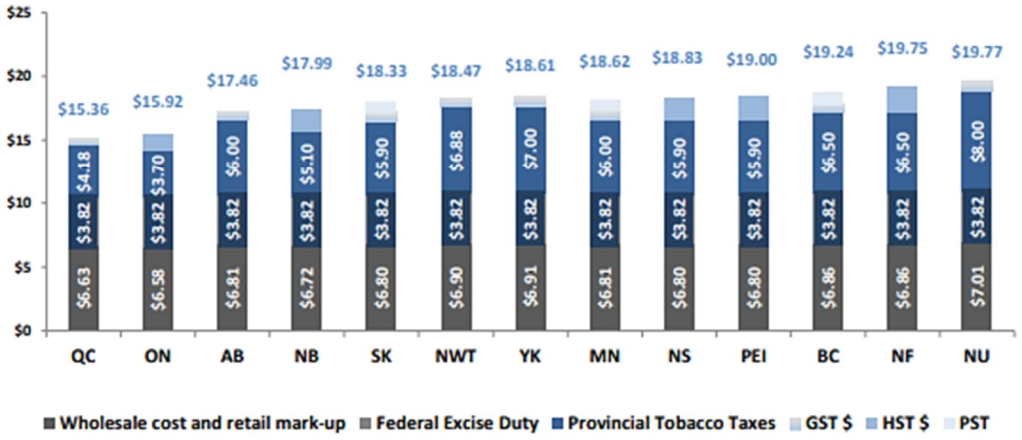
Estimated prices in effect April 1, 2025

Updated: February 25, 2025

Physicians for Smoke-Free Canada

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Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2025



Taxes on a carton of 200 cigarettes in Canada. April 1, 2025

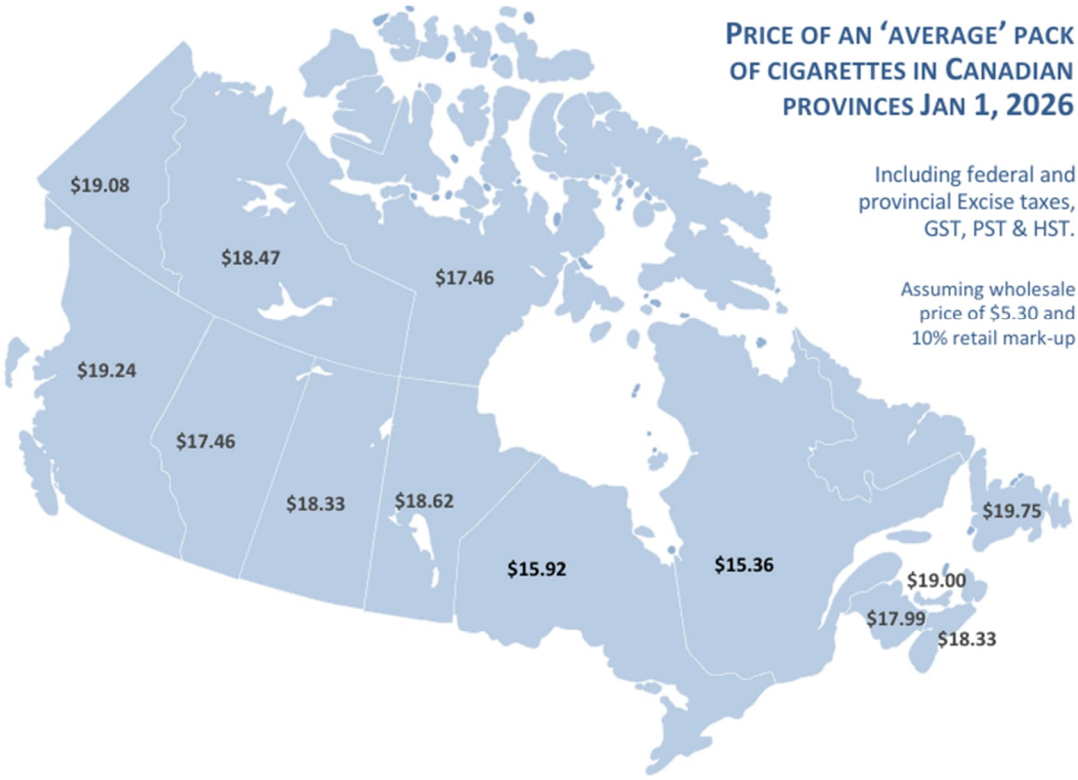
	Whole -sale	Retail (10%)	Excise Taxes			Sales taxes applied to tobacco				Cost of a carton of 200 cigarettes
Per 200 cigarettes			Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$53.00	$15.62	$38.1564	$65.00	$103.16	5%	7%		12%	$192.38
Alberta	$53.00	$15.12	$38.1564	$60.00	$98.16	5%			5%	$174.59
Saskatchewan	$53.00	$15.02	$38.1564	$59.00	$97.16	5%	6%		11%	$183.34
Manitoba	$53.00	$15.12	$38.1564	$60.00	$98.16	5%	7%		12%	$186.22
Ontario	$53.00	$12.81	$38.1564	$36.95	$75.11			13%	13%	$159.24
Quebec	$53.00	$13.30	$38.1564	$41.80	$79.96	5%			5%	$153.56
New Brunswick	$53.00	$14.22	$38.1564	$51.04	$89.20			15%	15%	$179.88
Nova Scotia	$53.00	$15.02	$38.1564	$59.04	$97.20			14%	14%	$188.35
Prince Edward Island	$53.00	$15.02	$38.1564	$59.04	$97.20			15%	15%	$190.00
Newfoundland & Lab	$53.00	$15.62	$38.1564	$65.00	$103.16			15%	15%	$197.54
Northwest Territories	$53.00	$16.00	$38.1564	$68.80	$106.96	5%			5%	$184.75
Nunavut	$53.00	$15.12	$38.1564	$80.00	$118.16	5%			5%	$197.69
Yukon	$53.00	$16.12	$38.1564	$70.00	$108.16	5%			5%	$186.14

Note: Cigarettes are sold in Canada at different prices depending on the brand; the retail and wholesale price of the same brand of cigarettes will vary by location depending on the contractual arrangements between manufacturers and retailers. See: Callard CD, Collishaw N. Cigarette pricing 1 year after new restrictions on tobacco industry retailer programmes in Quebec, Canada. Tobacco Control 2019;28:562-565.

Updated February 2025 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/pdf_1/taxrates.pdf

Taxes on cigarettes in Canadian jurisdictions



Based on a national average wholesale product cost of $5.30 for a package of 20 cigarettes, consistent with the average wholesale price provided to Health Canada in 2023, and an estimated retail market up of 10% of wholesale price and taxes.

GST: Federal Goods and Services Tax; PST: Provincial Sales Tax as applied to tobacco; HST: Harmonized provincial and federal sales taxes.

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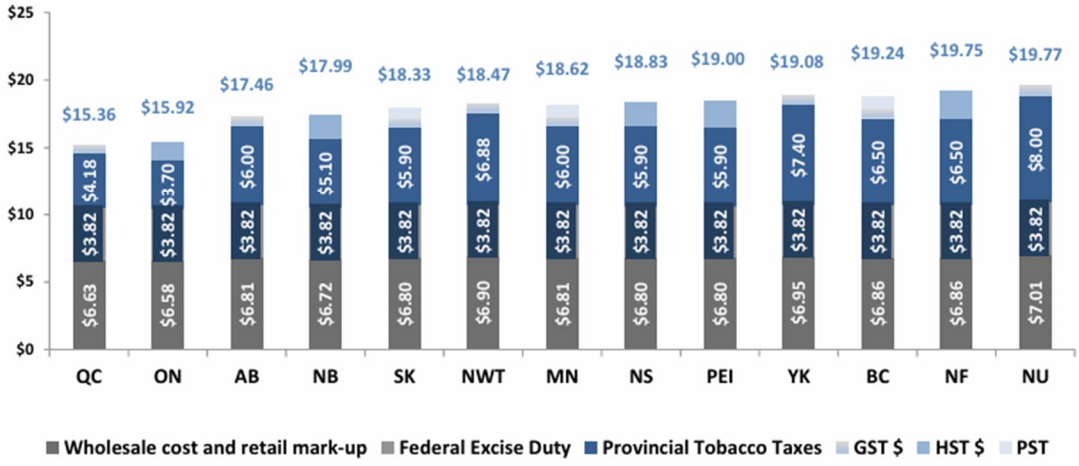
Estimated prices in effect January 1, 2026

Updated: January 10, 2026

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Price of a hypothetical 'average' pack of cigarettes in Canadian provinces and components of this cost, April 1, 2025



Taxes on a carton of 200 cigarettes in Canada. April 1, 2025

	Whole-sale	Retail (10%)	Excise Taxes			Sales taxes applied to tobacco				Cost of a carton of 200 cigarettes
Per 200 cigarettes			Federal Excise Tax	Prov. Excise	Total Excise taxes	GST	PST	HST	Total	
British Columbia	$53.00	$15.62	$38.1564	$65.00	$103.16	5%	7%		12%	$192.38
Alberta	$53.00	$15.12	$38.1564	$60.00	$98.16	5%			5%	$174.59
Saskatchewan	$53.00	$15.02	$38.1564	$59.00	$97.16	5%	6%		11%	$183.34
Manitoba	$53.00	$15.12	$38.1564	$60.00	$98.16	5%	7%		12%	$186.22
Ontario	$53.00	$12.81	$38.1564	$36.95	$75.11			13%	13%	$159.24
Quebec	$53.00	$13.30	$38.1564	$41.80	$79.96	5%			5%	$153.56
New Brunswick	$53.00	$14.22	$38.1564	$51.04	$89.20			15%	15%	$179.88
Nova Scotia	$53.00	$15.02	$38.1564	$59.04	$97.20			14%	14%	$188.35
Prince Edward Island	$53.00	$15.02	$38.1564	$59.04	$97.20			15%	15%	$190.00
Newfoundland & Lab	$53.00	$15.62	$38.1564	$65.00	$103.16			15%	15%	$197.54
Northwest Territories	$53.00	$16.00	$38.1564	$68.80	$106.96	5%			5%	$184.75
Nunavut	$53.00	$15.12	$38.1564	$80.00	$118.16	5%			5%	$197.69
Yukon	$53.00	$16.12	$38.1564	$74.00	$112.16	5%			5%	$190.76

Note: Cigarettes are sold in Canada at different prices depending on the brand; the retail and wholesale price of the same brand of cigarettes will vary by location depending on the contractual arrangements between manufacturers and retailers. See: Callard CD, Collishaw N. Cigarette pricing 1 year after new restrictions on tobacco industry retailer programmes in Quebec, Canada. Tobacco Control 2019;28:562-565.

Updated February 2025 2

Source: Physicians for a Smoke-Free Canada, https://www.smoke-free.ca/SUAP/2020/taxrates.pdf

Native Nicotine

Cigarette Prices in Canada by Province in 2026

The table below provides a comparable 2026 estimate for a mainstream pack of 20 cigarettes and its 10-pack carton equivalent. It is designed as a national comparison, not as a claim that every store in a province charges the same amount.

Province	Modeled price per pack of 20	Modeled 200-cigarette carton	Relative position
Quebec	About $15.44	About $154.45	Lowest modeled price
Ontario	About $16.02	About $160.18	Below national midpoint
Alberta	About $17.55	About $175.47	Middle range
New Brunswick	About $18.08	About $180.84	Middle range
Saskatchewan	About $18.31	About $183.05	Middle range
Manitoba	About $18.72	About $187.16	Above midpoint
Nova Scotia	About $18.93	About $189.30	High
Prince Edward Island	About $19.22	About $192.18	High
British Columbia	About $19.33	About $193.32	Among the highest
Newfoundland and Labrador	About $19.85	About $198.50	Highest modeled price

How These 2026 Cigarette Price Estimates Were Calculated

There is no government database with a live price for every brand and store. For consistency, this guide adapts the Physicians for a Smoke-Free Canada model, which combines an assumed wholesale cost, retailer markup, federal excise duty, provincial tobacco tax, and applicable sales tax.

The calculation uses the Canada Revenue Agency federal excise rate effective April 1, 2026: $0.97299 per five cigarettes, or approximately $38.92 per 200 cigarettes. Current provincial rates were then applied, including Prince Edward Island's 30-cent-per-cigarette rate.

Treat the results as comparison estimates. Premium brands and high-margin retailers can cost more, while lower-priced products can cost less.

Province-by-Province Cigarette Price Guide

Quebec

About $15.44 per 20-pack

Quebec has the lowest price in this standardized model, at roughly $154.45 for a 200-cigarette carton. That does not make every Montreal or Quebec City retailer inexpensive, but the provincial tax structure produces a lower modeled total than the other provinces.

Online tobacco rules also differ in Quebec. A low advertised price does not by itself make a transaction permitted.

Ontario

About $16.02 per 20-pack

Ontario comes in near $160.18 for a modeled carton of 200 cigarettes. Toronto, Ottawa, and other cities can still show meaningful retailer-to-retailer differences, especially between mainstream premium brands and lower-priced products.

Ontario has specific rules for stamped tobacco and an allocation system for qualifying on-reserve purchases. Not all native tobacco is automatically tax-free.

Alberta

About $17.55 per 20-pack

Alberta's modeled total is approximately $175.47 per carton. Alberta is often described as a lower-tax province generally, but its tobacco tax remains substantial. The province currently applies a 30-cent tax to each cigarette, equal to $60 on 200 cigarettes before federal duty and GST are considered.

Calgary and Edmonton prices still vary by brand and retailer margin.

New Brunswick

About $18.08 per 20-pack

New Brunswick's modeled carton is approximately $180.84. Provincial tobacco tax, federal excise duty, and harmonized sales tax all contribute to the final price. The HST applies to the taxable selling price, so the total at checkout can rise quickly.

Prince Edward Island

About $19.22 per 20-pack

Prince Edward Island is approximately $192.18 per modeled carton after reflecting the provincial increase to 30 cents per cigarette. The province's small retail market can also mean fewer nearby stores and less price competition in some communities.

Compare the full checkout total before choosing a carton or multi-carton order.

British Columbia

About $19.33 per 20-pack

British Columbia remains among the most expensive provinces in the model, at approximately $193.32 per carton. BC's provincial tobacco tax is 32.5 cents per cigarette, equal to $65 on a standard 200-cigarette carton before federal duty and sales tax.

Vancouver-area prices vary by brand and location. Native Nicotine does not ship nicotine pouches to British Columbia.

Newfoundland and Labrador

About $19.85 per 20-pack

Newfoundland and Labrador has the highest modeled total in this comparison, at approximately $198.50 per carton. A local premium product can exceed that estimate, while another brand or retailer may come in below it.

Longer Atlantic and remote delivery windows should be included in an online comparison.

Browse Native Nicotine location guides

British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec
For a broader regional overview, visit the native cigarettes near me hub.

Source: Native Nicotine. https://www.nativenicotine.co/cigarette-prices-canada-2026/



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