



MUNICIPAL LIQUOR TAX

When the City of Toronto Act was passed in 2006, the ORHMA was pleased that a hotel room tax was expressly prohibited, and similarly, under the Municipal Act that cities were **not** granted powers of taxation.

The ORHMA has serious concerns however with the decision to grant powers of taxation to the City of Toronto, and specifically, the power to levy a direct retail sales tax on the purchase of liquor.

The two segments of the industry that would be most impacted by an additional tax on liquor are full-service restaurants and the bar, tavern and nightclub sector. These two segments have each respectively seen a slow down in sales growth, and growth lagging behind the rest of Canada.

Operators already pay exorbitant amounts in fees, levies, and mark-ups on the purchase of beverage alcohol, on top of property tax and business licensing fees. An increase in tax will undoubtedly directly reduce sales, lower operating margins and jeopardize thousands of jobs in Toronto's licensee community.

Furthermore, the addition of a municipal sales tax on beverage alcohol would not only lead to an additional tax line on customer invoices but would result in beverage alcohol sold in the City of Toronto to retail at a higher price point than beverage alcohol sold in other jurisdictions and would simply result in it being taxed at a higher level than other retail products. The revenue generated will not assist the City of Toronto but will devastate the industry, and will close doors and cost jobs.

- **the revocation of the City of Toronto's authority to levy a liquor tax in order to prevent a reduction in sales, lower operating margins and the endangerment of thousands of jobs in Toronto's licensee community.**

Although the City of has not yet implemented a retail sales tax on beverage alcohol, their legislated authority to do so acts as a constant threat to the hospitality industry.

NOTES:
