



## Beer and Wine Tax

The Ontario government has extended the interest and penalty relief period by one month to October 1, 2020. The Ministry of Finance is resuming its regular audit interactions with Ontario businesses and representatives. [Learn more.](#)

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The beer basic tax rates were scheduled to increase by an adjustment factor on December 1, 2020. The Minister of Finance signed an amendment to O. Reg 257/10, made under the Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996 to delay the date of the next scheduled adjustment to March 1, 2022. As a result, the current beer basic tax rates will continue to apply until February 28, 2022.

The Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996 was amended in 2016 to include phased higher basic rates of tax on:

- sales of non-Ontario wine from on-site and off-site winery retail stores, and
- a wine boutique operator's wine purchased from the wine boutique.

The last of four phased increases were legislated to occur on June 1, 2020 as follows: 1% increase for blended wine purchased in winery retail stores; 4% increase for blended wine purchased in wine boutiques; 1.5% increase for 100% Ontario wine purchased in wine boutiques.

Given the economic challenges being faced by Ontario businesses and consumers as a result of the current public health crisis, the government decided that it is in the public interest to suspend these tax increases until December 31, 2020 and to propose legislative amendments before the end of 2020 so that the Legislature can consider, as it has done in previous years, the appropriateness of further suspending or cancelling these tax increases.

On April 22, the government issued an Order-in-Council to grant remission to purchasers liable to pay wine tax of the difference between the tax payable under the rates that will take effect on June 1, 2020 and the rates that were in effect immediately before that date on taxable purchases made between June 1, 2020 and December 31, 2020, inclusive.

On November 5, 2020, the government introduced legislation (Protect, Support and Recover from COVID-19 Act (Budget Measures), 2020), which, if passed, would cancel these increases. If the legislation is passed, the increases scheduled to occur on January 1, 2021 would not take place and the [wine basic tax rates set on April 1, 2018](#) would remain in effect.

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Beer and wine taxes are included in the price you pay for:

- beer made by an Ontario beer manufacturer, microbrewer or brew pub that you buy from:
  - Brewers Retail Inc. (i.e., The Beer Store)
  - licensed establishments, such as restaurants, bars and brew pubs
  - on-site retail stores of beer manufacturers or microbrewers, and
  - southern agency stores of the [LCBO](#) (e.g., cottage-country agency stores).
- wine and wine coolers:
  - that you buy from an Ontario winery retail store, on or off the winery site, and
  - manufactured by an owner of – and purchased from – a wine boutique located in the shopping area of a grocery store authorized to sell the wine as an agent of the wine boutique owner.

For the purposes of this page, this distribution arrangement will be referred to as a wine boutique and wine includes wine coolers.

If you make your own beer or wine, or if you purchase these beverages from the Liquor Control Board of Ontario (LCBO), you do not pay beer and wine taxes on those beverages.

## Tax rates

## **Beer**

Beer tax includes:

- beer basic tax
- volume tax
- environmental tax (if applicable).

Draft beer made and bought at a brew pub or a secondary location of the brew pub is subject to the beer basic tax only.

### **Beer basic tax**

The beer basic tax is calculated based on the volume of beer bought.

The tax rate that applies to the beer depends on:

1. what type of beer it is (draft beer (e.g., from a keg 18 litres or larger) or non-draft beer (e.g., bottled beer), and
2. who made the beer (beer manufacturer, microbrewer, or brew pub).

**Beer basic tax rate**

<b>Effective date</b>	<b>Beer made by Ontario beer manufacturers</b>		<b>Beer made by Ontario microbrewers</b>		<b>Beer made and sold at Ontario brew pubs</b>
	<b>Draft beer</b>	<b>Non-draft beer</b>	<b>Draft beer</b>	<b>Non-draft beer</b>	<b>Draft beer</b>
March 1, 2018 until February 28, 2022	72.45 ¢/L	89.74 ¢/L	35.96 ¢/L	39.75 ¢/L	33.41 ¢/L

For example, on a 341mL bottle of beer made by a microbrewer purchased on December 15, 2019, the beer basic tax will be  $0.341\text{L} \times \$0.3975/\text{L} = \$0.1355$ .

## Adjustments to beer basic tax rates

The beer basic tax rates are adjusted based on the Consumer Price Index for Ontario over the past three years. Legislation has been passed to no longer require annual adjustments and to instead authorize the Minister to prescribe a date in a year as of which the basic tax rates are to be adjusted. The Minister has prescribed March 1, 2022, as the next adjustment date. Current rates will continue until February 28, 2022.

## Who are microbrewers

To be considered a microbrewer for a given sales year, all of the following conditions must be met:

1. The brewer's worldwide production (not just in Ontario) for the past production (calendar) year is, pursuant to the 2018 Ontario Budget, not more than 49,000 hectolitres (4.9 million litres). This figure includes the sum of all of the beer:
  - the brewer makes, even if the beer is made for another brewer
  - the brewer's affiliates make, even if the beer is made for another brewer, and
  - any other brewer makes for the brewer or for any of the brewer's affiliates
2. in the preceding producing year, if the brewer has an affiliate that also makes beer, that affiliate must also have been a microbrewer, and
3. in the preceding production year, if there is a beer-making arrangement where another brewer makes beer **for the brewer**, that other brewer must have been a microbrewer at some point in that production year.

If you are a microbrewer for the current sales year and wish to remain a microbrewer in the upcoming year, you must meet all of the above conditions or you will lose your status as a microbrewer and any resulting benefits.

**To know more about requirements to qualify as a Microbrewer, please see the Frequently Asked Questions for Microbrewers.**

**Read on: list of Ontario beer manufacturers and microbrewers and the brands of beer they make.**

## Beer volume tax

The beer volume tax is calculated based on the volume of beer bought. The tax rate is 17.6 cents per litre regardless of whether the beer is draft beer or non-draft beer and whether the beer was made by a beer manufacturer or a microbrewer.

The beer volume tax does not apply to draft beer made and bought at a brew pub or a secondary location of the brew pub.

## Environmental tax

The environmental tax is 8.93 cents for each non-refillable container in which the beer bought is packaged.

The environmental tax does not apply to draft beer made and bought at a brew pub or a secondary location of the brew pub.

## Historical beer taxes rates

## Beer basic tax rate

Effective date	Beer made by Ontario beer manufacturers		Beer made by Ontario microbrewers		Beer made and sold at Ontario brew pubs
	Draft beer	Non-draft beer	Draft beer	Non-draft beer	Draft beer
November 1, 2017 to February 28, 2018	71.31 ¢/L	88.33 ¢/L	34.82 ¢/L	38.34 ¢/L	32.88 ¢/L
March 1, 2017 to October 31, 2017	68.31 ¢/L	85.33 ¢/L	31.82 ¢/L	35.34 ¢/L	29.88 ¢/L
November 1, 2016 to February 28, 2017	67.10 ¢/L	83.82 ¢/L	30.61 ¢/L	33.83 ¢/L	29.35 ¢/L
March 1, 2016 to October 31, 2016	64.10 ¢/L	80.82 ¢/L	27.61 ¢/L	30.83 ¢/L	26.35 ¢/L
November 1, 2015 to February 29, 2016	63.15 ¢/L	79.63 ¢/L	26.66 ¢/L	29.64 ¢/L	25.96 ¢/L
March 2, 2015 to October 31, 2015	60.15 ¢/L	76.63 ¢/L	23.66 ¢/L	26.64 ¢/L	22.96 ¢/L
March 3, 2014 to March 1, 2015	59.20 ¢/L	75.42 ¢/L	22.71 ¢/L	25.43 ¢/L	22.60 ¢/L
March 1, 2013 to March 2, 2014	58.10 ¢/L	74.02 ¢/L	21.61 ¢/L	24.03 ¢/L	22.18 ¢/L
March 1, 2012 to February 28, 2013	56.79 ¢/L	72.35 ¢/L	20.30 ¢/L	22.36 ¢/L	21.68 ¢/L
March 1, 2011 to February 29, 2012	55.68 ¢/L	70.94 ¢/L	19.19 ¢/L	20.95 ¢/L	21.26 ¢/L
July 1, 2010 to February 28, 2011	54.75 ¢/L	69.75 ¢/L	18.26 ¢/L	19.76 ¢/L	20.90 ¢/L

## **Wine**

Wine tax includes:

- wine basic tax
- volume tax
- environmental tax.

### **Wine basic tax**

The wine basic tax is calculated as a percentage of the retail price of the wine bought. The retail price is the price set for the wine by the LCBO (or the winery, if the LCBO has not set a price), less the total of:

- any deposit on the container, and
- all taxes imposed on the purchase of the beverage under
  - Part IX of the Excise Tax Act (Canada) (i.e., the harmonized sales tax), and
  - Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996 (i.e., the wine tax).

The tax rate that applies to the retail price of the wine depends on:

- whether it is an Ontario or non-Ontario wine, and
- whether it is:
  - a. purchased at a winery retail store (on-site or off-site of the winery), or
  - b. manufactured by an owner of – and purchased from – a wine boutique.

Effective date (when the sale or distribution of the wine it made)	Wine basic tax rate (per cent of retail price of wine)			
	Ontario		Non-Ontario	
	At winery retail store	At wine boutique (boutique operator's wine)	At winery retail store	At wine boutique (boutique operator's wine)
Before June 1, 2016	6.1	n/a	16.1	n/a
From June 1, 2016 to October 27, 2016	6.1	n/a	17.1	n/a
From October 28, 2016 to December 31, 2016	6.1	6.1	17.1	17.1
From January 1, 2017 to March 31, 2017	6.1	7.1	17.1	17.1
From April 1, 2017 to March 31, 2018	6.1	8.1	18.1	19.1
From April 1, 2018	6.1	9.6	19.1	22.6

For tax purposes, Ontario generally means that the wine is produced from 100 per cent Ontario-grown produce.

### **Wine volume tax**

The wine volume tax is calculated based on the volume of wine and whether the beverage is wine or a wine cooler.



<b>Type of product</b>	<b>Wine volume tax rate</b>
Wine	29 ¢/L
Wine cooler	28 ¢/L

For example, on a 750mL bottle of wine sold at a winery retail store, the wine volume tax would be  $0.750\text{L} \times \$0.29/\text{L} = \$0.2175$ .

## **Environmental tax**

The environmental tax is 8.93 cents for each non-refillable container in which the wine or wine cooler bought is packaged.

## **Ontario beer vendors, beer manufacturers, microbrewers, brew pubs and wineries**

A beer manufacturer, microbrewer or licensee of a brew pub collects the beer taxes and amounts on account of the beer taxes on the beer it distributes in Ontario and must report and remit them to the Ministry of Finance. The reporting period is monthly and the return and tax remittance must be received by the 20th day of the next month.

A winery collects the wine taxes and amounts on account of the wine taxes on the wine it distributes at its Ontario winery retail store(s) and any wine boutique that it operates, and must report and remit the taxes to the Ministry of Finance. The reporting period is monthly (or, if the winery qualifies and elects, each set quarter) and the return and tax remittance must be received by the 20th day after the end of the reporting period.

## **Filing a beer tax return or a wine tax return**

Learn how to complete your beer tax return and schedules or your wine tax return.

- [\*\*I am a beer tax collector\*\*](#)
- [\*\*I am a wine tax collector\*\*](#)

Information about filing requirements, supporting schedules, penalties for late filing and failure to remit tax collected or payable and payment information for remitting the tax is also provided.

## **When beer vendors, breweries, wineries and certain authorized grocery stores are deemed to be buyers of their own products**

A beer manufacturer, microbrewer or licensee of a brew pub is deemed to be the buyer of the beer that it distributes in Ontario without charge and must pay the beer taxes on that beer. A beer vendor is deemed to be the buyer of the beer that it buys but does not sell.

A winery is deemed to be the buyer of the wine it distributes in Ontario without charge and must pay the wine taxes on that wine. If a winery provides samples of wine at a charge and the charge does not cover all of the wine taxes associated with that sample, the winery is deemed to be the buyer of the sample to the extent of the shortfall and must pay the shortfall in the wine taxes for that sample.

An operator of a grocery store authorized to sell wine from a wine boutique is deemed to be the buyer of wine manufactured by the wine boutique owner if the grocery store distributes the wine without charge.

## **Limited exemption for Ontario beer manufacturers, microbrewers, brew pubs and wineries**

A beer manufacturer, microbrewer or licensee of a brew pub may claim an annualized limited beer tax exemption up to 10,000 litres of beer it distributes without charge in Ontario to promote its beer.

[\*\*Read on: Promotional distribution exemption for Ontario beer manufacturers and brew pubs.\*\*](#)

A winery may claim an annualized limited wine tax exemption up to 10,000 litres of wine it distributes without charge in Ontario to promote its wine.

[\*\*Read on: Promotional distribution exemption for Ontario wineries.\*\*](#)

## **Tax Credit for Small Beer Manufacturers**

The Taxation Act, 2007, includes a refundable corporate tax credit for small beer manufacturers. Beer manufacturers with permanent establishments in Ontario may qualify in respect of eligible sales of draft and non-draft beer sold to purchasers in Ontario during a sales year, if they meet certain criteria, including limits on production.

[\*\*To know more about the Small Beer Manufacturers Tax Credit, please see the Frequently Asked Questions\*\*](#)

For additional information, refer to the Taxation Act, 2007, or contact the Ministry of Finance at 1-866-ONT-TAXS (1-866-668-8297).

## Tax-included pricing

The purchase price of all beer sold to purchasers by beer vendors (including beer manufacturers and microbrewers that operate their own brewery retail store) and all wine sold to purchasers at winery retail stores and wine boutiques must include all beer and wine taxes payable.

Beer vendors, wineries and grocery stores with wine boutiques must provide information on the amount of the beer and wine taxes included in the price in a manner approved by the Minister of Finance.

**[Read on: Tax-included pricing and requirements for beer vendors, wineries and certain authorized grocery stores](#)**

## Alcohol licensing

The Alcohol and Gaming Commission of Ontario (AGCO) and LCBO are responsible for the general regulation of the beer and wine industries in Ontario, including the licensing of alcohol manufacturers and sellers.

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## Frequently Asked Questions for Microbrewers

### What are sales year and production year?

A sales year is a period of approximately twelve months that runs from March 1 to the end of the next February unless:

- March 1 is a Saturday or Sunday, in which case the sales year begins on the following Monday.
- The last day of February is a Friday or Saturday, in which case the sales year ends on the following Sunday.

A production year in relation to a sales year is the calendar year immediately before the beginning of the sales year. For example, for the sales year from March 2, 2015 to February 29, 2016, the relevant production year is January 1, 2014 to December 31, 2014.

### What does the annual worldwide production include when determining whether a brewer qualifies as a microbrewer?

For a brewer to be considered a microbrewer for a sales year, its annual worldwide beer production for the past production year must not be more than, pursuant to the 2018 Ontario Budget, 49,000 hectolitres (4.9 million litres). Worldwide production means anywhere in the world, not just Ontario, and includes all beer manufactured during the production year by:

- the microbrewer, even if the beer is manufactured under contract for another brewer
- any affiliate of the microbrewer, even if the beer is manufactured under contract for another brewer, and
- another microbrewer under contract for the microbrewer (or its affiliates).

### Could having a contracting arrangement with another brewer affect a brewer's microbrewer status?

Yes. If the microbrewer or any of its affiliates has an arrangement for beer to be made for any of them by another brewer, that other brewer must be a microbrewer at some point in the production year in order for the microbrewer and its affiliate(s) to qualify for and maintain their microbrewer status.

### I am a microbrewer and have an arrangement for final packaging with a non-microbrewer. Will this arrangement affect my microbrewer status?

An arrangement with a non-microbrewer for only final packaging of your beer will not affect your microbrewer status.

In some cases, final packaging of the beer requires the filtering and carbonation process be performed immediately before the packaging, and in certain circumstances, some substances can only be added to the beer at the time of final filtration. In these situations, provided that they must be performed as part of the final packaging, filtering, carbonating and addition of substance will not affect your microbrewer status.

### Does a brewer need to meet the conditions every year to maintain its microbrewer status?

Yes.

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## Frequently Asked Questions about the Small Beer Manufacturers' Tax Credit

The Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996 (ACGRPPA) imposes a basic beer tax on purchases in Ontario of all beer made by Ontario beer manufacturers, with microbrewers benefiting from reduced beer basic tax rates.

To qualify as a microbrewer and benefit from the reduced beer basic tax rates, one of the requirements is that the microbrewer's worldwide production of beer for the production year must not be more than, pursuant to the 2018 Ontario Budget, 4.9 million litres (49,000 hectolitres (hL)).

To complement the beer basic tax under the ACGRPPA, the Small Beer Manufacturers' Tax Credit under the Taxation Act, 2007 provides for a refundable tax credit available to eligible beer manufacturers having worldwide production in the previous year, pursuant to the 2018 Ontario Budget, over 4.9 million litres (49,000 hL) but less than 30 million litres (300,000 hL).

### **Who qualifies for the credit?**

A beer manufacturer may qualify in respect of eligible sales of draft and non-draft beer sold to purchasers in Ontario during a sales year, if it meets certain criteria including:

- it has a permanent establishment in Ontario
- it cannot be a microbrewer eligible for the reduced beer basic tax rates
- its worldwide production of beer for the previous production year must be, pursuant to the 2018 Ontario Budget, over 4.9 million litres (49,000 hL) but less than 30 million litres (300,000 hL)
- its worldwide production of beer was never more than 20 million litres (200,000 hL) in any production year ending before January 1, 2018 and 30 million litres (300,000 hL) in any production year beginning after December 31, 2017, and
- its total eligible sales in any sales year was never more than 20 million litres (200,000 hL).

### **How much is the tax credit?**

The tax credit amount is determined by an eligible small brewer's eligible sales in the sales year. An eligible small brewer could still receive the tax credit even if its eligible sales for the sales year do not exceed 49,000 hL. The maximum tax credit available to an eligible small brewer is, pursuant to the 2018 Ontario Budget, \$2,449,510 for non-draft beer and \$1,788,010 for draft beer on eligible sales exceeding 49,000 hL and up to and including 200,000 hL. The tax credit is subject to a phase-out once eligible sales exceed 75,000 hL and is fully eliminated when eligible sales exceed 200,000 hL in the sales year.

### **How to receive the credit?**

To receive the tax credit, a beer manufacturer must apply not more than 2 years after the end of the sales year for which it was eligible for the credit.

Provided it qualifies, a beer manufacturer will receive the tax credit as a lump-sum at the end of the sales year for which it is eligible for the credit. However, it may receive the tax credit in monthly instalments during the sales year if the request is made before the start of the sales year for which it is eligible for the credit.

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