



PRESS RELEASE

SMALL BUSINESS RETAILERS REACT TO FEDERAL BUDGET

OTTAWA, ONTARIO – (February 27, 2018) – While the Canadian Convenience Stores Association (CCSA) is encouraged by some measures in today’s federal budget to support small businesses, the government’s decision to hike excise rates could upend the commitment to fight contraband tobacco, which convenience retailers have been calling on the government to address for years.

“The federal government’s decision to make red tape reduction a priority for growing the economy is good news for small businesses” said CCSA President, Satinder Chera. “We look forward to working with them to identify costly, outdated and impractical regulations, which includes mitigating the impact of proposed plain packaging/standardization of cigarettes (Bill S-5) and marketing (Bill S-228) rules in c-stores.”

Retailers will also work with government to provide ongoing feedback on their efforts to provide a more fair and balanced tax system, which started with the welcome cut in the small business tax rate in 2017 and went further today with clearer rules around the tax treatment of *passive income* in private corporations. Providing more targeted tax relief to support ongoing changes in the convenience channel should be the next step, which would help to address food deserts across the country.

That said, the decision to hike tobacco taxes is a big step in the wrong direction, which only benefits the black market at the expense of law-abiding corner stores. “First, we applaud the federal government for putting additional resources into tackling Canada’s \$3 billion black market for tobacco, and we look forward to hearing more details,” said Chera. “However, hiking tobacco taxes at the same time will only grow the problem, without any demonstrable impact on reducing smoking rates in Canada. Raising taxes also contradicts the government’s low-tax approach to wrestling the cannabis market away from criminals.”

How the government addresses these concerns will influence the ability of convenience retailers to benefit from today’s budget, including whether the new food safety measures will address grey market confectionary in our channel, and our long-standing concerns over credit card fees on merchants.

The cost associated with accepting credit card payments hits small retailers hard, with fees for accepting card payments as high as 4% per transaction. Other countries, including Australia and the EU, have capped these fees. “Small retailers patiently await the outcome of the Department of Finance’s review of merchant fees,” said Chera. “We hope the government’s commitment to focus on supporting small businesses will result in much needed relief for small merchants soon,” said Chera.

MEDIA CONTACT: Katlyn Harrison Consultant, Summa Strategies, 613-235-1400 / kharrison@summa.ca

The Canadian Convenience Stores Association (CCSA) is a national, not-for-profit trade association that represents the interests of convenience store retailers and distributors in Canada. C-store retailers employ over 234,000 people, collect over \$22 billion in tax revenue for governments and serve 10 million customers every day in communities across the country.

