



A \$45-million windfall for Canadian banks. A \$45-million hit to Canadian restaurants.

THE ISSUE:

Restaurant owners must pay credit card merchant fees on the entire amount of a restaurant bill, including tip and taxes. This creates a \$45-million a year windfall for big banks, at the expense of restaurant owners. In some cases, credit card issuers make more profit off a restaurant transaction than does the restaurateur!

WHY IT MATTERS:

Despite a recent rate reduction, credit card merchant fees in Canada are still amongst the highest in the world. Consumers are being incited to use credit cards for all types of purchases, so the cost to business will continue to rise. Restaurants can ill-afford these fees, and it's unfair to have to pay them on the sales taxes we collect for government.

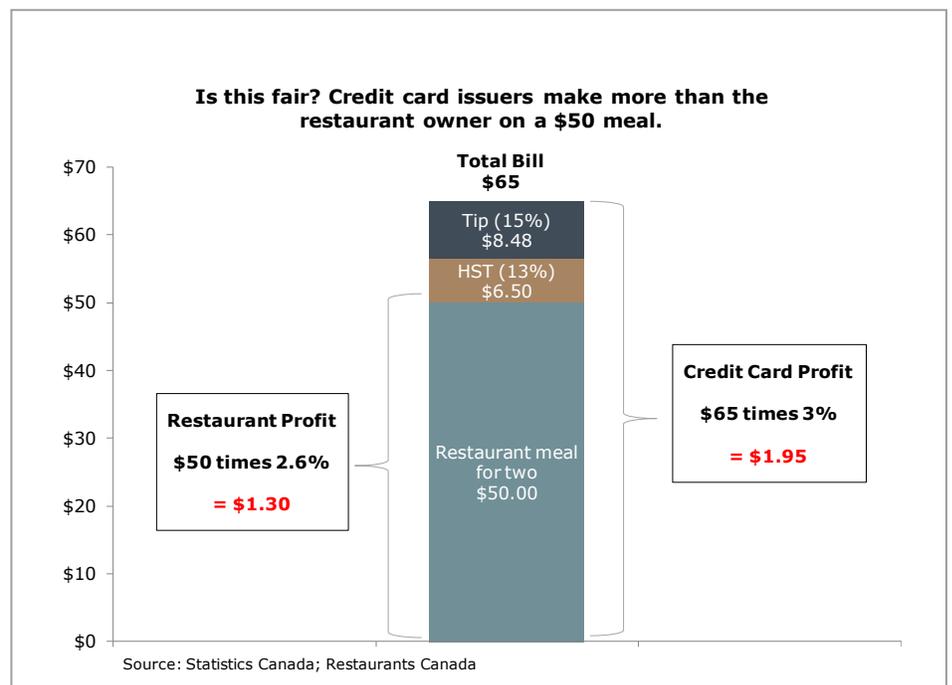
WHAT YOU CAN DO:

Stop credit card companies from making a profit on the taxes we collect for government.

BACKGROUND:

Card companies assess their fees on the final cost to the customer including provincial and federal sales taxes. This means merchants are required to pay a fee of 2% or higher on money that doesn't belong to them or to the credit card company. This cost of \$643 per year for the average restaurant doesn't include the indirect costs of collecting this tax.

In the past year the federal government has taken important first steps to reign in credit card acceptance fees.



In response to concerns from restaurateurs and other retailers, the government negotiated a voluntary reduction in fees with Visa and MasterCard in 2014. This was an important acknowledgement of the tremendous and growing cost of merchant fees to restaurants, retailers and their customers. However, even with the 10% reduction in fees that went into effect in April 2015, credit card acceptance fees in Canada are amongst the highest in the world.

The government is frequently ringing the alarm bells about the high level of consumer debt in Canada – also amongst the highest in the world – which can be attributed in part to the enormous incentives to pay for everything on credit.

Canadians are being incited to use their cards for all types of purchases, from their morning coffee to basic groceries to take advantage of generous reward points. But these rewards are financed through the high processing fees charged to merchants such as restaurant owners. The Competition Bureau of Canada estimated that about \$5 billion in interchange and other fees were being paid annually by Canada's merchants and this amount will continue to spike up, despite the modest fee reductions, because of increased card usage.

The fact that businesses have to pay credit card companies a fee to collect money for the state adds significantly to this cost. An expedient way to reduce costs for merchants and consumers is to bring to an end this practice.

Canada's Restaurant Industry: Dishing up a Thriving Nation

- **\$72 billion** a year in economic activity
- Investment in every Canadian community
- **1.2 million** direct jobs
- Number one source of **first-time jobs** for our nation's youth
- Canada's culinary researcher and innovator
- A top tourism driver