



Backgrounder - Alberta's 'Ad Valorem' Wine Tax

Ad Valorem versus Flat Tax Liquor Markups

A key element of Alberta's liquor model is its flat tax liquor markup system where each liquor category is marked up with a flat tax that is added to every product in the category. This markup approach is simple as the same tax applies to all products in the category.

An Ad Valorem markup is based on the value of each product, requiring additional government resources to apply the markups on each product individually and adding more markup complexity.

Under Alberta's wine tax, which came into effect without industry consultation on April 1, 2025, additional ad valorem fees are applied as follows:

- 5% on wine valued between \$15–\$20 per litre
- 10% on wine valued between \$20–\$25 per litre
- 15% on wine valued above \$25 per litre

A Reversal of Alberta's Proven Liquor Policy and Interprovincial Commitments

In Restaurants Canada's last [Raise the Bar Liquor Report Card](#), Alberta received a top in class B+ grade in part due to its flat tax markup system which applies less tax to liquor products that most restaurants and bars include in their liquor menus.

Alberta's wine tax came into effect just weeks after Alberta and British Columbia [announced](#) a policy permitting direct-to-consumer (DTC) wine shipping, contradicting their own commitments to other provinces. It also runs counter to the spirit of the [Memorandum of Understanding](#) (MOU) on DTC Alcohol Sales signed by Alberta and ten other Canadian jurisdictions in July 2025.

Business Losses and Economic Impacts for Alberta

Alberta's Ad Valorem wine tax places immediate and long-term financial pressure on Alberta-based businesses. Here are some perspectives from stakeholders impacted by the tax.

Quotes

Mark von Schellwitz, Vice-President, Western Canada at Restaurants Canada -

"Alberta's foodservice businesses are a major economic driver, responsible for 20% of youth employment, and more than \$15B in economic activity. Penalizing restaurants with this unfair tax at a time when restaurateurs are already absorbing double digit operating cost increases and consumers are already cutting back on dining out due to the cost of living is putting Alberta businesses and jobs at risk."

Ivonne Martinez, President, Alberta Liquor Store Association -

"The Ad Valorem markup undermines Alberta's Advantage in liquor retailing, where market forces—not tax design—determine product availability, pricing, and consumer demand. This change disproportionately harms small, independent retailers by driving up wine prices and eroding Alberta's competitiveness."

Jeff Guignard, CEO and President, Wine Growers British Columbia -

"At a time when the rest of Canada is working to open trade between provinces, Alberta's new wine tax penalizes Canadian wine, raises prices for consumers, and undermines the progress governments have been working toward on internal free trade."

Dan Paszkowski, CEO and President, Wine Growers Canada -

"We recognize the important role provinces play in regulating alcohol, but policy decisions should align with the broader national goal of reducing interprovincial trade barriers."

Stacy Kyle, Executive Director, Import Vintners & Spirits Association -

"From an importer perspective, this ad valorem tax undermines the stability and predictability that businesses have to operate in Alberta's liquor system. Policies like this weaken confidence in Alberta as a fair and functional market."

Mona Pinder, Executive Director, Alberta Hospitality Association -

“The AHA is asking the government to lead with care and consider how policy decisions ripple through small businesses. While the ad valorem tax may be intended to target luxury, many of the wines served in local, independent restaurants fall into these higher tax categories. This means the cost is borne not by wealthy elites, but by small business owners and everyday Albertans. At a time when restaurants are already facing unprecedented cost pressures, this tax puts jobs and livelihoods at risk.”

Isaiah Santos, Metrovino -

“The average **wholesale** price increase on the wine we have brought in since the ad valorem wine tax was implemented is \$6.85 a bottle. As a small business we are forced to either eat that cost ourselves or pass it on directly to the consumer.”

Phoebe Fung, Proprietor, Vin Room -

“As a local restaurant operator with three locations, we are facing wine cost increases of more than 20%, representing over \$60,000 in additional annual expenses. These increases cannot be passed on to our customers without risking a significant loss of business, leaving us with no option but to absorb the added costs.”

Paul Sawler, Vice President & General Manager, Dirty Laundry Winery -

“I feel for our Albertan customers that fell in love with our, and other BC winery products to now face this unnecessary added cost. That’s deeply frustrating for consumers who want to support Canadian producers and are already facing challenges relating to rising cost of living.”