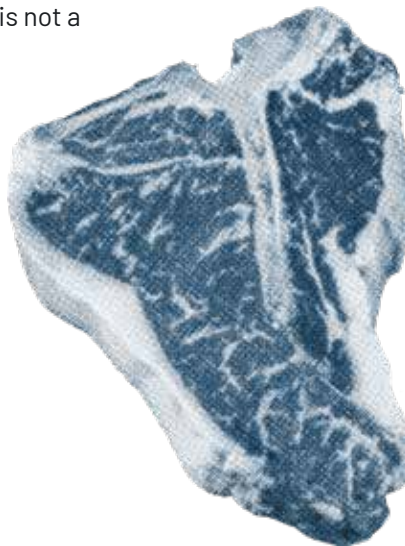


# FOOD IS FOOD AND SHOULD BE TAX-FREE

Why is food at grocery stores tax-free, while prepared meals at restaurants are taxed? This unfair tax treatment puts an undue burden on busy, working Canadians struggling with the cost of living and hurts foodservice businesses. For many, prepared food is not a luxury, it's a necessity.

## IT'S TIME TO FIX THAT AND REMOVE THE GST/HST FROM ALL FOOD.

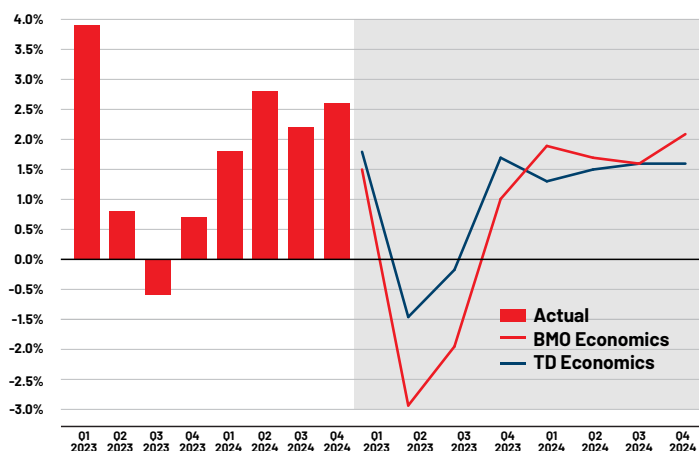
**\$10**  
+ TAX



**\$30**  
NO TAX

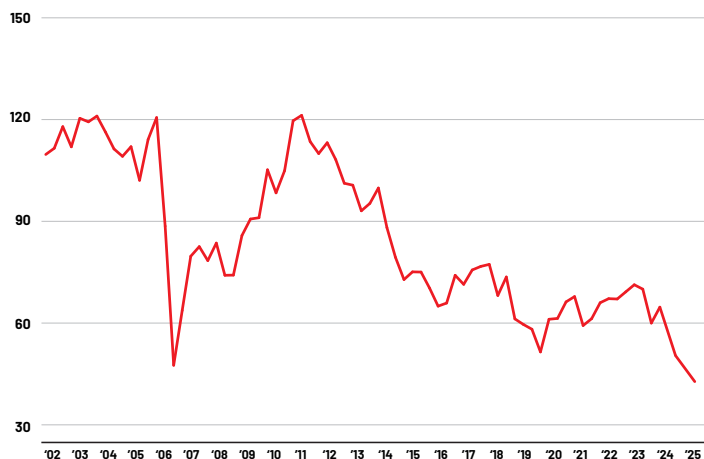
### CANADIANS ARE WORRIED ABOUT AFFORDABILITY

Real GDP Forecast - Canada



Source: Statistics Canada, BMO Economics and TD Economics

Consumer Confidence Index - Canada



Source: Conference Board of Canada

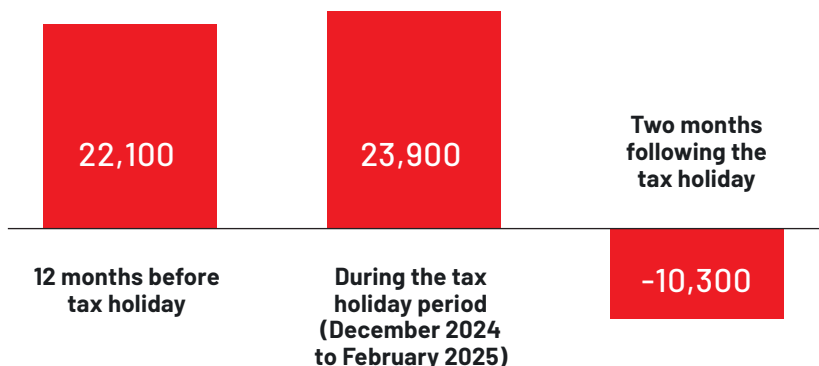
Restaurants Canada is asking the federal government to **permanently exempt all food from GST/HST**, as it did during the recent GST/HST holiday. Currently, prepared meals are subject to sales tax, while groceries, ready-to-heat and frozen meals are not.

**The GST/HST holiday showed us that removing the tax from restaurant meals stimulates the economy and protects jobs :**

- 24,000 foodservice jobs created during the tax holiday—more than the 12 previous months combined<sup>1</sup>
- Foodservice sales increased 8.3% in January<sup>2</sup>
- Bankruptcies down 50% year-over-year<sup>3</sup>
- 84% of Canadians say food should not be taxed, no matter where it is purchased<sup>4</sup>

1. Labour Force Survey, Statistics Canada  
 2. Monthly Survey of Food Services and Drinking Places, Statistics Canada  
 3. Office of the Superintendent of Bankruptcy  
 4. Spark\*insight survey (Feb 13-19, 2025)

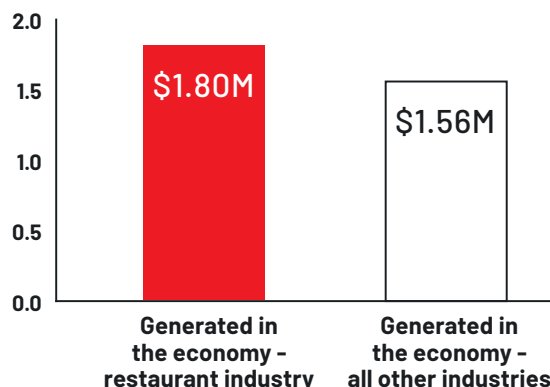
**Jobs Created in the Restaurant and Accommodation Industry**



**THE FOODSERVICE INDUSTRY IS A DRIVER OF THE CANADIAN ECONOMY:**

- Almost \$120B in annual sales
- \$26B contributed in taxes
- 6% of Canada's GDP
- Fourth largest private sector employer: nearly 1.2 million jobs
- An additional 287,000 Canadians employed in related industries

**Economic Impact Per \$1M In Output**

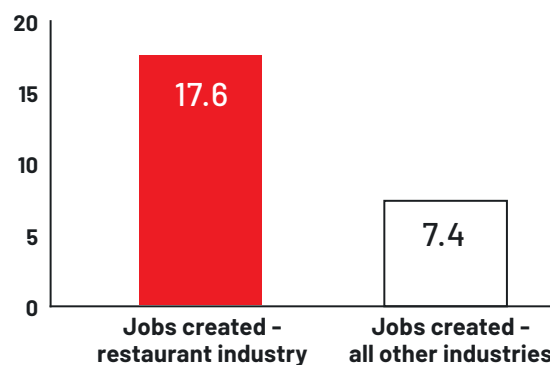


**THE GST DEVASTATED THE FOODSERVICE INDUSTRY— SALES NEVER RECOVERED**

In 1991, when GST was first imposed on prepared food but not ready-to-heat and other groceries, real foodservice sales dropped 11% as consumers shifted more of their spending to grocery stores.

Before the introduction of the GST, 42 cents of every dollar spent on food went to restaurants, roughly the same share as in the United States. That share fell to 36.8 cents after GST was introduced and has never fully recovered, while in the United States it is now above 50 cents.

The foodservice industry was forced to lay off 46,000 Canadians in 1991 and employment growth slowed from an average of 31,135 jobs a year to just 17,387 jobs per year.



**Food is essential and should not be taxed.** Removing the GST/HST from all food would create jobs, protect businesses, stimulate spending and improve the quality of life of Canadians. Let's make it happen!

