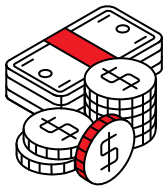


# TIME TO ELIMINATE SALES TAXES ON RESTAURANT MEALS

Restaurants Canada is asking the federal government to fix the flaws in the GST by treating all food equally regardless of where it is purchased. We also encourage provinces with a provincial tax on restaurant meals to permanently eliminate it.

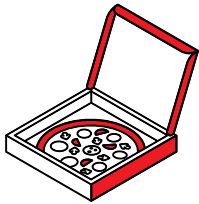
## IMPORTANCE OF THE FOODSERVICE INDUSTRY



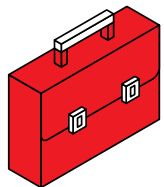
**ALMOST \$120 BILLION  
IN ANNUAL REVENUES**



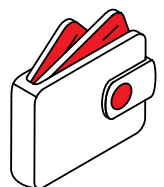
**4% OF CANADA'S GDP**



**NEARLY 1.2 MILLION  
CANADIANS EMPLOYED  
DIRECTLY IN THE INDUSTRY.**



**AN ADDITIONAL 287,000  
CANADIANS EMPLOYED IN  
RELATED INDUSTRIES.**



**EVERY DAY, 23 MILLION  
CANADIANS MAKE A PURCHASE  
FROM A RESTAURANT.**

## THE IMPACT OF THE GST/HST TAX HOLIDAY

- **18%** increase in dining from December 14 to 27, 2024 compared to the corresponding period in 2023, according to data from OpenTable.
- **\$1.5 billion** in additional spending at foodservice businesses higher over the 60-day period, according to Restaurants Canada estimates.
- Sales taxes are **regressive** and lead to lower sales and employment.
- In 1991, the year the **7% GST** was first imposed, real foodservice sales dropped by 10.6% compared to only a **2.1% drop in GDP**. An Ernst and Young report attributed  $\frac{3}{4}$  of the sales decline to the impact of GST. Applying GST to restaurant food, and not groceries, caused a significant shift in consumption patterns.
- The foodservice industry was forced to lay off **46,000 Canadians** in 1991. While employment in the restaurant industry grew by an average of **31,135 jobs** a year between 1976 and 1990, following the introduction of the GST, it slowed to just **17,387 jobs** per year between 1992 and 2006.



## RESTAURANTS ARE STRUGGLING

- Economic activity in the restaurant industry has contracted by **9%** since 2019, the largest decline of any major industry. In contrast, economic activity in the retail sector has increased by **9%**.
- Despite raising wages to attract workers and a more stable job market, employment in the restaurant industry remains **100,000** jobs below 2019 levels
- **More than half** of restaurants and foodservice businesses are currently operating at a loss or barely breaking even.
- **More bankruptcies** in the first eleven months of 2024 than all of 2020 and 2021 combined (not counting restaurants that decided to close down their business and walk away without formally declaring bankruptcy)

## CONSUMERS ARE STRUGGLING

- The Conference Board of Canada's Consumer Confidence Index is currently **half** of what it was prior to the pandemic.
- Half of Canadians say they're **\$200 or less** away from being unable to pay all their bills and debt obligations in a month
- Just over half of Canadians don't think they'll be able to cover their living expenses in the next **12 months** without further sinking into debt.
- **20%** of low-income households never purchased supper from a restaurant during the summer of 2024, over half never purchased breakfast or a snack/coffee from a restaurant, and **34%** never purchased lunch, based on a survey conducted by Angus Reid.

