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Canada Extends Tax Break for Small Brewers

Federal officials say the two-year extension will help breweries, distilleries and wineries cope with higher costs through 2028

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Canada is extending a tax break for brewers, distillers and winemakers for two more years, a move the federal government says will help small producers cope with higher costs and economic uncertainty.

The extension, announced Tuesday in Regina by Rechie Valdez, the minister of women and gender equality and secretary of state for small business and tourism, and Buckley Belanger, the secretary of state for rural development, keeps in place relief that had been set to expire. The measures began April 1 and will now run through 2028.

For beer makers, the policy has two parts. The annual inflation adjustment on beer, spirits and wine excise duties will remain capped at 2%. In addition, craft brewers will continue to pay half the usual excise duty rate on the first 15,000 hectoliters of beer brewed in Canada.

The government said the combined measures will provide more than $30 million in relief over the extension period. For a craft brewery, the reduced rate on the first 15,000 hectoliters can mean as much as about $90,000 in tax savings in the 2026-27 fiscal year alone.

The announcement was made at District Brewing Company in Regina, where federal officials framed the policy as support for local businesses that they said help sustain jobs and downtown economies. Valdez said the government was standing behind breweries, distilleries and wineries as they face rising costs. Belanger said local producers across Saskatchewan were important employers and contributors to main streets and local economies.

The Canadian Craft Brewers Association estimates there are nearly 1,200 small and independent craft breweries and brewpubs across Canada, along with suppliers tied to the sector. The group says those businesses support nearly 30,000 jobs and contribute $1.7 billion to gross domestic product.

The federal government first announced in March 2024 that it would cap inflation adjustments at 2% for beer, spirits and wine excise duties for an additional two years. It also cut by half the excise duty rate on the first 15,000 hectoliters brewed by each brewer in Canada for that same period. Those measures are now being extended again.

For Saskatchewan brewers in particular, the government said the relief is meant to ease pressure from higher input costs while giving small and medium-sized businesses more room to plan production and pricing. The policy also applies to distillers and

winemakers, but beer makers are expected to see some of the clearest benefits because of the targeted reduction for smaller breweries.

The announcement comes as many beverage producers continue to deal with higher labor, packaging and transportation costs. Federal officials said the extension is intended to give businesses more stability while protecting Canadian jobs and limiting tax increases for consumers.