



Information Bulletin

To all agents, suppliers, and commercial delegations

Montréal, August 1, 2006

Further to our June 14, 2006 Information Bulletin, the SAQ would like to inform you of the application procedures for the increase in the Excise Tax.

In its May 2, 2006 budget, the Government of Canada announced a one per cent (1%) reduction in the Goods and Services Tax (GST), along with a simultaneous increase in the Excise Tax on alcohol and tobacco to compensate for the reduction in the GST. Due to the complexity of certain application procedures associated with the increase in the Excise Tax, the *Société des alcools du Québec* (SAQ) and several members of the Canadian Association of Liquor Jurisdictions (CALJ) began negotiations with the Canada Revenue Agency (CRA) in order to clarify these procedures. In light of this, only the reduction in the GST was applied to products sold at SAQ outlets on July 1, 2006.

In order to facilitate the introduction of the new rates, the federal government issued a provincially regulated conversion calendar. Therefore, effective September 8, 2006, the SAQ will have to pay the higher Excise Tax on products that are shipped to outlets and to clients. Effective September 13, 2006, the introduction of these new rates will affect overall prices at the SAQ for all clients, with the exception of the grocery store network, which will implement the new prices on September 11.

The introduction of the new rates will vary for some product categories, depending on where the product originates. Here are a few examples:

Imported products (wines and spirits)

The retail price for these products will be amended on September 13, 2006, in accordance with the new Excise Tax rates.

Local products (wines and spirits, with the exception of the categories specified below)

The retail prices for these products will be amended on September 13, 2006, in accordance with the new Excise Tax rates.

Fully Canadian wine

Payment of the Excise Tax applied to Canadian wine will be added to retail prices as of September 13, 2006.

Canadian Whisky

For the time being, Canadian whiskies will remain at the current price. The federal government plans to provide instructions concerning this product category within a reasonable time.

Amendment of supplier prices

As indicated on the price change schedule, amendments to supplier prices must be received by August 14, 2006 at the latest. These amendments will come into effect in grocery stores on September 11, 2006.

Exceptional measure pertaining to inventory credit

Please note that, in this one instance only, in order to maintain a regular retail price that is identical to the one that is currently in effect, the SAQ will not invoice suppliers for inventory credits that decrease purchasing terms for the SAQ.

For more information, please contact the **S**ervice d'**A**ssistance aux **R**elations d'**A**ffaires (Business Relations Assistance Department) by e-mail, at sara@saq.qc.ca, or by phone, at 514-254-2711.

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