

# New ad valorem Liquor Markup Rates for Wine

## Frequently Asked Questions (FAQs)

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### HOW DOES THE LIQUOR MARKUP SYSTEM WORK IN ALBERTA?

Currently, markup is applied to all liquor sales in Alberta, with the rate depending on the product type and alcohol content. Alberta Gaming, Liquor and Cannabis (AGLC) collects the liquor markup on behalf of the government, which is ultimately allocated to the General Revenue Fund to support programs and initiatives that benefit all Albertans.

### WHAT ARE THE RECENT CHANGES TO LIQUOR MARKUP RATES IN ALBERTA?

As a part of Budget 2025, the Alberta government provided direction to AGLC to adjust the existing liquor markup rate schedule. This included adjustments to some standard markup rates that took effect on Friday, February 28, and the introduction of new ad valorem markup rates for some wine products, effective April 1. An updated liquor markup rates schedule is available on the [AGLC website](#).

### WHAT ARE THE NEW AD VALOREM RATES FOR WINE?

For wine products with an invoice price greater than \$15.00/L, supplemental markup will be applied with the following formula:

- ☐ A 5 per cent rate applies to the invoice price greater than \$15.00 and not exceeding \$20.00 per litre.
- ☐ A 10 per cent rate applies to the invoice price greater than \$20.00 and not exceeding \$25.00 per litre.
- ☐ A 15 per cent rate applies to the remaining invoice price portion greater than \$25.00 per litre.

For example, for a product with an invoice price greater than \$25.00/L, the 5 per cent rate would apply to the fraction of the price greater than \$15.00/L and not exceeding \$20.00/L, the 10 per cent rate would apply to the amount greater than \$20.00/L and not exceeding \$25.00/L and the 15 per cent rate would be applied to the remaining portion of the invoice price that is greater than \$25.00/L.

### DO THE AD VALOREM RATES REPLACE THE FLAT MARKUP RATE FOR WINE PRODUCTS?

No. For all wine products, a standard flat rate markup still applies. For wines with less than or equal to 16 per cent alcohol by volume (ABV) a rate of \$4.11/L is applied. For wines with greater than 16 per cent ABV, a rate of \$6.88/L is applied.

If the invoice price of a wine exceeds \$15.00/L, the ad valorem rates, as per the calculations above, will apply in addition to the flat rate based on volume.

## WHAT IS AN INVOICE PRICE?

The invoice price is the cost of a product that is set by a registered liquor agency. The ability for agencies to set an initial invoice price, and to adjust it within the regular AGLC price change calendar, remains in place. This is the amount that is paid to the agency (or to the supplier as per mutual agreement with an agency) upon sale of a product through the existing consignment model in the Alberta liquor system.

Agencies may adjust the invoice prices for products through the AGLC Liquor Agency Portal (LAP). See below for more information.

For the purposes of calculating the ad valorem markup, if the invoice price per case (or keg) includes excise duty and/or container deposits, these amounts are excluded to determine the price per litre (\$15.00/L) above which ad valorem rates apply.

## IS THERE A SAMPLE CALCULATION OF HOW AD VALOREM RATES WILL BE APPLIED?

Here are examples that demonstrate the application of the new ad valorem rates:

*Example of a wine at 12 per cent ABV*

- ☐ Two examples are shown:
  - Invoice price = \$18.00/L (e.g., \$216.00 for a case of 12 bottles; 750mL each bottle = 9 L total)
  - Invoice price = \$40.00/L (e.g., \$360.00 for a case of 12 bottles; 750mL each bottle = 9 L total)
- ☐ Is the invoice price per litre > \$15.00? Yes, so additional ad valorem rates apply.
- ☐ Supplemental markup is calculated based on the price above the \$15.00/L threshold. That is, the total ad valorem markup will be calculated on the amount above \$15.00/L.
  - For the \$18.00/L example, this would be  $\$18.00 - \$15.00 = \$3.00$
  - For the \$40.00/L example, the calculation would be  $\$40.00 - \$15.00 = \$25.00$

Ad valorem	Invoice Price = \$18.00/L	Invoice Price = \$40.00/L
5 per cent (\$15.01 - \$20.00)	$\$2.99 \times 0.05 = \$0.15$	$\$4.99 \times 0.05 = \$0.25$
10 per cent (\$20.01 - \$25.00)	-	$\$4.99 \times 0.10 = \$0.50$
15 per cent (>\$25.01)	-	$\$14.99 \times 0.15 = \$2.25$
Ad valorem total/L	\$0.15	\$3.00
Flat Markup/L	\$4.11	\$4.11
Total Markup/L	\$4.26	\$7.11

## WHEN CAN LIQUOR AGENCIES ADJUST THEIR INVOICE PRICES?

The regular liquor price change cycle permits agencies to adjust invoice prices before 4:00 p.m. on a Wednesday afternoon to take effect on the Friday of the following week.

With the introduction of these rates, liquor agencies may adjust prices for wine products before Wednesday, March 26, 2025, at 4:00 p.m. with new prices to become effective on Tuesday, April 1, 2025.

Please note that this special price change schedule will permit adjustment of wine prices for April 1, 2025, in parallel to any price changes that have been automatically made due to changes in federal excise rates that are set to take effect the same day.

After April 1, 2025, the regular price change calendar will apply.

## HOW CAN LIQUOR AGENCIES SEE THE IMPACT OF AD VALOREM RATES ON THEIR PRODUCTS?

AGLC has updated the Liquor Agency Portal (LAP) to reflect the new ad valorem rates. Agencies may use LAP to update the invoice price for a product; a change in invoice price will automatically update the wholesale price, permitting agencies to make adjustments to achieve a desired wholesale price.

AGLC has also developed a pricing calculator file that is available to download via LAP.

## WHO WILL PAY THE ADDITIONAL AD VALOREM MARKUP?

Liquor agencies set an invoice price for each product. As products are sold through AGLC, pricing elements are added (e.g., refundable container deposits, federal excise duties (if applicable), provincial markup, and GST). This forms the wholesale price that licensees (e.g., a retail liquor store) pay when they buy liquor from AGLC.

For wine products that will bear an additional ad valorem markup based on the invoice price, this additional markup fraction will be added into the wholesale price paid by licensees. As noted above, liquor agencies retain full control of the invoice price and can therefore adjust what the final wholesale price of a product will be.

## WHAT IS THE EXPECTED IMPACT TO ALBERTA CONSUMERS?

The impact on those products that qualify for additional markup will be driven by the exact price of those wines. From the examples noted above:

- ☐ A product with an invoice price of \$18.00/L would have an additional \$0.15/L of markup added (approximately \$0.11 for a 750 mL bottle)
- ☐ A product with an invoice price of \$40.00/L would have an additional \$3.00/L of markup added (approximately \$2.25 for a 750 ml bottle).

Alberta's private retail liquor stores set the final shelf price for all liquor sold from their premises.

## WHO CAN I REACH OUT TO FOR ASSISTANCE WITH SPECIFIC PRICING QUESTIONS?

Liquor agencies with questions about price change schedules, adjusting invoice prices through LAP, or specific questions about individual products may reach out to AGLC at [pricing@aglc.ca](mailto:pricing@aglc.ca).

## WHERE CAN I SHARE FEEDBACK ABOUT THE CHANGES TO LIQUOR MARKUP IN ALBERTA?

Further questions about why specific changes to the liquor markup system were made would be best directed to the Minister of Service Alberta and Red Tape Reduction at [ministersa@gov.ab.ca](mailto:ministersa@gov.ab.ca).