

Yukon Liquor Corporation Wholesale & Retail Pricing Structure

Effective January 1, 2019

Authority:

Under the Liquor Act, Yukon Liquor Corporation [YLC] is responsible for the purchase, distribution and sale of liquor within the Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the Liquor Act, subject to all other applicable acts and regulations. Section 8(1)(b) of the Liquor Act states the Corporation has the authority to establish pricing, which is delegated under Schedule C of the Protocol Agreement to the President to “undertak[ing] those responsibilities in section 8(1) of the Act.”

Effective January 1, 2019

1. New Markup Schedule includes a Wholesale Markup (step 1); and a Retail markup (step 2) for all products sold at YLC retail locations. The new Wholesale Price is equivalent to a 12% discount from the YLC Retail Price.
2. YLC Pricing Structure is revised to include a flat \$0.30 per litre Cost of Service charge on all products (\$0.15 Draught Beer.) The Cost of Service charge is a requirement for trade agreement compliance is an estimate of all costs associated with product purchase & distribution to YLC retail / wholesale locations. Markups have been reduced to accommodate the addition of this change. The YLC Cost of Service charge will be reviewed and revised annually.
3. YLC’s Markup schedule applies different rates based on production levels, regardless of location. A Medium Producer category has been added for Beer.
4. All products will be assessed the Large Producer markup unless the Producer provides acceptable documentation as to Small or Medium Producer status. To qualify, a producer must:
 - a. *Complete, annually, a YLC Small / Medium Producer Application Form*
 - b. *Provide proof of previous year’s Annual Worldwide Production volume. Canadian Producers must provide Canada Revenue Agency (CRA) Excise Duty report for the last 12 months. International Producers must provide a similar government-recognized report.*YLC will review & notify the Producer as to the issued status, and adjust markups accordingly. Status and pricing is valid until December 31st of that calendar year.
5. YLC would like to limit Supplier cost change requests to two (2) occasions per year:
 - a. *February 15-28 for price changes effective April 1st*
 - b. *August 15-30 for price changes effective October 1st*
6. YLC will publish updated Wholesale & Retail Price Lists prior to the end of the fifth (5th) business day of the month. Price lists will be available at <http://www.ylc.yk.ca/products.html>
7. Product categories descriptions:
 - a. *Spirits include, but not limited to bitters, brandy, cognac, gin, liqueur, rum, tequila, vodka, whiskey, and other categories as listed, normally having an alcohol volume greater than 16%.*
 - b. *Table Wines include, but not limited to red, white, sparkling and other wine subcategories such as aperitifs, vermouth and sake, normally having an alcohol volume less than 16%.*
 - c. *Fortified Wines are wine products that are fortified with alcohol and normally have an alcohol volume greater than 16%, including but not limited to port, sherry, Madeira and dessert wines.*
 - d. *Ready To Serve (RTS) are premixed drinks and cocktails having an alcohol volume over 7.01% and less than 16%.*
 - e. *Coolers: beer, wine and spirit-based coolers with an alcohol volume less than 7.01%*
 - f. *Packaged beer and cider: all packaged beer and cider in bottles, cans and growlers.*
 - g. *Draught beer and cider: all beer and cider sold in kegs and containers greater than 15 litres.*

h. Non-alcohol products: beverages that contain 0.5% or less of alcohol by volume.

8. Wholesale Pricing is offered to all classes of Licensees, including but not limited to:

- i. Liquor primary licenses;*
- ii. Food primary licenses;*
- iii. Train, ship, or aircraft licenses;*
- iv. Recreation facility licenses;*
- v. Sports stadium licenses;*
- vi. Off premises liquor licenses;*
- vii. RV park licenses;*
- viii. Special licenses;*
- ix. Club liquor licenses;*
- x. Liquor manufacturer's licenses;*
- xi. Liquor manufacturer's retail licenses.*

Calculating Wholesale & Retail Price:

Component:	Explanation:
Product Cost	Price paid to Supplier
+ Federal Excise Duty	A variable tax based on volume and alcohol content
+ Federal Import Duty	Applied to imported goods only
+ Inbound Freight & Logistics	Rate based on YLC freight & logistics expenses
= Landed Cost	Total cost to get a product to the YLC Distribution Center
+ YLC Wholesale Markup	Per Schedule A & Schedule B (below)
+ Cost Of Service (\$ / litre)	Estimated cost per litre associated with product purchase & distribution to YLC retail / wholesale locations
= Wholesale Base Price *	Price to Wholesale Customers before tax, deposit & fees
+ YLC Retail Markup (%)	Retail Markup (from Wholesale Base Price) to calculate the Retail Store Price (before taxes, deposit & recycling fees.) Wholesale Customers are not charged this markup, as this is equivalent to a 12% Licensee discount.
= Retail / Wholesale Base Price	Price to YLC Retail & Wholesale Customers before tax, deposit & fees
+ Yukon Liquor Tax	Fixed rate of 12% as per <i>Liquor Tax Act</i> .
+ Goods & Services Tax (GST)	Fixed rate of 5%
= Final Price before deposit	Price to YLC Retail & Wholesale Customers before deposit & fees
+ Refundable Deposit	Fixed amount based on container type / size
+ Recycling Fee	Applied to all non-refillable products at a fixed rate
= Final Price with Deposit: Retail Price at YLC Retail Stores / Wholesale Price for Licensees	

* *Final Wholesale Price would include Wholesale Base Price plus all taxes, deposits and fees*

Appendix 1. Yukon Liquor Corporation (YLC) Markup Schedule

Effective January 1, 2019

Schedule A: Small and Medium Producers

Product / Producers' Size	Wholesale Markup (\$ / litre)
Spirits: Small Producers Total annual production up to and including 8,300 litres of absolute ethyl alcohol	\$11.70
Table wines: Small Producers Total annual production up to and including 60,000 litres	\$7.70
Coolers: Small Producers Total annual production up to and including 525 litres of absolute ethyl alcohol	\$1.50
Beer Packed & Draft: Small Producers Total annual production up to and including 15,000 hectolitres	\$0.10
Beer Packed & Draft: Medium Producers Total annual production between 15,000 and 25,000 hectolitres	\$0.40

Schedule B: Large Producers

Beer & Cider: Draft			
Large Producers <i>Total production over 25,000 hectolitres</i>	Wholesale Markup (\$ / litre)		
	\$1.00 / l		
Beer & Cider: Packed			
Large Producers <i>Total production over 25,000 hectolitres</i>	Wholesale Markup (\$ / litre)		
	\$1.42 / l		
Coolers			
Large Producers <i>Total annual production of coolers over 15,000 litres</i>	Markup Boundaries	Wholesale Markup	
	All	70%	
Spirits			
Large Producers <i>Total annual production over 8,300 litres of absolute ethyl alcohol</i>	Landed Cost (\$ / litre) thresholds		Wholesale Markup
	On next \$17.40 / l	\$0.00 - \$17.40	138%
	On next \$36.00 / l	\$17.41 - \$53.40	35%
	Remaining \$ / l	\$53.41+	15%
Table Wines & Ready To Serve			
Large Producers <i>Total annual production over 60,000 litres</i>	Landed Cost (\$ per litre) thresholds		Wholesale Markup
	On first \$7.50 / l	\$0.00 - \$7.50	98%
	On next \$13.50 / l	\$7.51 - \$21.00	55%
	Remaining \$ / l	\$21.01 +	15%
Fortified Wines			
All Producers	Landed Cost (\$ per litre) thresholds		Wholesale Markup
	On first \$7.50 / l	\$0.00 - \$7.50	125%
	On next \$13.50 / l	\$7.51 - \$21.00	55%
	Remaining \$ / l	\$21.01+	15%
Non-Alcohol products			
All Producers	Markup Boundaries	Wholesale Markup	
	All	10%	

Appendix 2. Generic Price Calculation Examples

Effective January 1, 2019

Packaged Beer – Large Producer: 24 pack bottles		
Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$14.48 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$3.44
= Landed Cost		\$17.92
+ YLC Wholesale Markup		\$11.62
+ Cost Of Service (\$0.30 / litre)		\$2.46
= Wholesale Base Price		\$32.00
+ YLC Retail Markup	\$4.36	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$36.36	-
+ Yukon Liquor Tax (12%)	\$4.36	\$3.84
+ Goods & Services Tax (5%)	\$1.82	\$1.60
= Final Price Before deposits	\$42.55	\$37.45
+ Refundable Deposit		\$1.2
+ Recycling Fee		\$1.2
= Final Price With Deposits	\$44.95	\$39.85

Packaged Beer – Small Producer: 15 pack cans		
Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$24.11 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$0.00
= Landed Cost		\$24.11
+ YLC Wholesale Markup		\$0.53
+ Cost Of Service (\$0.30 / litre)		\$1.60
= Wholesale Base Price		\$26.24
+ YLC Retail Markup	\$3.58	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$29.82	-
+ Yukon Liquor Tax (12%)	\$3.58	\$3.15
+ Goods & Services Tax (5%)	\$1.49	\$1.31
= Final Price Before deposits	\$34.90	\$30.70
+ Refundable Deposit		\$0.75
+ Recycling Fee		\$0.75
= Final Price With Deposits	\$36.40	\$32.20

Draft Beer – Large Producer: 58.671 litres keg		
Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$78.60 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$21.32
= Landed Cost		\$99.92
+ YLC Wholesale Markup		\$58.67
+ Cost Of Service (\$0.15 / litre)		\$8.80
= Wholesale Base Price		\$212.84
+ YLC Retail Markup	\$29.03	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$241.87	-
+ Yukon Liquor Tax (12%)	\$29.02	\$25.54
+ Goods & Services Tax (5%)	\$12.09	\$10.64
= Final Price Before deposits	\$283.00	\$212.70
+ Refundable Deposit		\$0
+ Recycling Fee		\$0
= Final Price With Deposits	\$283.00	\$249.00

Draft Beer – Medium Producer: 18.50 litres keg		
Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$73.27 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$10.87
= Landed Cost		\$84.14
+ YLC Wholesale Markup		\$7.40
+ Cost Of Service (\$0.15 / litre)		\$2.78
= Wholesale Base Price		\$94.31
+ YLC Retail Markup	\$12.86	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$107.18	-
+ Yukon Liquor Tax (12%)	\$12.86	\$11.32
+ Goods & Services Tax (5%)	\$5.36	\$4.72
= Final Price Before deposits	\$125.40	\$110.35
+ Refundable Deposit		\$0
+ Recycling Fee		\$0
= Final Price With Deposits	\$125.40	\$110.35

Spirits – Large Producer: 1.75 litre bottle

Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$16.50 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$1.16
= Landed Cost		\$17.66
+ YLC Wholesale Markup		\$24.39
+ Cost Of Service (\$0.30 / litre)		\$0.52
= Wholesale Base Price		\$42.57
+ YLC Retail Markup	\$5.81	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$48.37	-
+ Yukon Liquor Tax (12%)	\$5.80	\$5.11
+ Goods & Services Tax (5%)	\$2.42	\$2.12
= Final Price Before deposits	\$56.60	\$49.80
+ Refundable Deposit		\$0.25
+ Recycling Fee		\$0.10
= Final Price With Deposits	\$56.95	\$50.15

Spirits – Small Producer: 0.75 litre bottle

Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$35.00 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$0.51
= Landed Cost		\$35.51
+ YLC Wholesale Markup		\$8.78
+ Cost Of Service (\$0.30 / litre)		\$0.22
= Wholesale Base Price		\$44.51
+ YLC Retail Markup	\$6.07	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$50.59	-
+ Yukon Liquor Tax (12%)	\$6.08	\$5.35
+ Goods & Services Tax (5%)	\$2.53	\$2.24
= Final Price Before deposits	\$59.20	\$52.10
+ Refundable Deposit		\$0.25
+ Recycling Fee		\$0.10
= Final Price With Deposits	\$59.55	\$52.45

Wine – Large Producer: 0.75 litre bottle		
Pricing Elements	Retail Price	Wholesale Price
Product Cost		\$8.64 Duty Paid GST Extra
+ Federal Excise Duty		Paid by producer
+ Federal Import Duty		-
+ Inbound Freight & Logistics		\$0.50
= Landed Cost		\$9.14
+ YLC Wholesale Markup		\$7.44
+ Cost Of Service (\$0.30 / litre)		\$0.22
= Wholesale Base Price		\$16.81
+ YLC Retail Markup	\$2.29	Not Applicable (equivalent of 12% Licensees' discount)
= Retail Base Price	\$19.10	-
+ Yukon Liquor Tax (12%)	\$2.29	\$2.01
+ Goods & Services Tax (5%)	\$0.95	\$0.83
= Final Price Before deposits	\$22.35	\$19.65
+ Refundable Deposit		\$0.25
+ Recycling Fee		\$0.10
= Final Price With Deposits	\$22.70	\$20.00