

Municipal and Regional District Tax: Information for Municipalities and Regional Districts

Hotel Room Tax Act

Do you know how a municipality or regional district can participate in the collection of a municipal and regional district tax?

Do you need to know if you are an eligible entity?

This bulletin provides specific information to help municipalities, regional districts and other eligible entities understand how they can participate in the collection of a municipal and regional district tax of up to 2%. Municipal and regional district tax information for accommodation providers is available in **Bulletin MRDT 002, *Municipal and Regional District Tax: Information for Accommodation Providers***.

Table of Contents

Overview.....	1
Municipalities, Regional Districts and Eligible Entities	2
Participating Municipalities, Regional Districts and Eligible Entities	4

Overview

The municipal and regional district tax is a hotel room tax of up to 2% charged on taxable accommodation. This tax is intended to assist municipalities, regional districts and other eligible entities in promoting their tourism industry and financing new tourist facilities or programs.

Municipalities, Regional Districts and Eligible Entities

A municipality, regional district or eligible entity in British Columbia may apply to the Ministry of Finance for a municipal and regional district tax of up to 2%. This tax is charged on sales of taxable accommodation within that area.

The tax is administered by and sent in to the ministry under the *Hotel Room Tax Act* and has its own tax return form. The tax can apply to the entire municipality or regional district, or to a specific area within the municipality or regional district.

The ministry charges an administration fee to cover the cost of administering the tax, and provides the balance of the tax collected to the municipality, regional district or eligible entity on a monthly basis.

How to Participate

To participate in this program, you must pass a bylaw requesting the province to administer and collect the municipal and regional district tax on your behalf. The bylaw must contain the following information:

- the proposed tax rate,
- the geographic area in which the tax will apply (i.e. the entire municipality, regional district or a smaller area),
- the purpose for which you will use the funds, and
- the date you want the new tax to be effective.

Additional Information and Documentation

You also need to provide the following with your application.

- A complete list of all qualifying operators located within the area where the tax will apply.
- Documented evidence that you have consulted with the local accommodation industry, and that the majority support both the business plan and the application for the new tax.
- For a municipality, you need to show that you have consulted with the regional district in which you are located, and that the regional district agrees with the new tax.
- For a regional district, you need to show that you have consulted with the municipalities that are included in the geographical area where the tax will be collected within your jurisdiction, and that they agree with the new tax being

implemented. You need to also show that you are authorized to use the funds for the intended purpose, either by your letters patent or by statutory authority.

- If a municipality and regional district cannot agree on whether the additional tax should be imposed, priority will generally be given to the municipality.

For assistance with the preparation of your business plan or your application, please contact the Tourism Strategy and Policy Branch of the Ministry of Jobs, Tourism and Innovation at PO Box 9830 Stn Prov Govt, Victoria, BC V8T 5C3 or e-mail CommunityPartnerships@gov.bc.ca

Eligible Entities

If you are an eligible entity, such as a non-profit organization that takes part in tourism marketing, you can also apply to have the municipal and regional district tax administered and collected on your behalf. You will need to show that you have consulted with the regional district or the municipality that is included in the geographical area where the tax will be collected. If you are a public body, other than a municipality or regional district, interested in requesting that the municipal and regional district tax be collected in a specific area, please contact the Tax Policy Branch of the Ministry of Finance at 250 356-5928.

Compliance with Program Objectives

For a municipality, regional district or other eligible entity participating in the municipal and regional district hotel room tax program, you must provide audited documentation to the ministry each year showing how the funds raised by this tax were used. You must also provide a statement that the funds were used for the purpose for which they were intended and are consistent with your business plan. The implementation of the business plan will be monitored in conjunction with the audited financial statements.

Municipal and Regional District Tax Renewal Process

The municipal and regional district tax is implemented for a period of five years. In order to extend the tax for an additional five year period, you must re-apply to the Ministry of Finance. You must consult the local accommodation sector as part of the renewal process.

There is no restriction on the number of times you can apply for the tax to be renewed.

Participating Municipalities, Regional Districts and Eligible Entities

Municipal and regional district tax of 2% applies in the following areas:

- Alert Bay, Village of
- Abbotsford, City of
- Burnaby, City of
- Chilliwack, City of
- Central Kootenay, Regional District of (applies to the electoral areas D, E and F)
- Clearwater, District of (effective November 1, 2011)
- Columbia-Shuswap, Regional District of (applies to the Town of Golden and the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park) (expanded to include Kicking Horse Mountain Resort Area effective October 1, 2012)
- East Kootenay, Regional District of (applies to the City of Fernie and a portion of the East Kootenay Regional District electoral area A)
- East Kootenay, Regional District of (applies to the District of Invermere and a portion of the East Kootenay Regional District electoral area F)
- East Kootenay, Regional District of (applies to the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G)
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of (applies to the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D)
- Mount Washington Resort Association (applies to the resort area that is a portion of the Comox Valley Regional District electoral area C)
- Nanaimo, Regional District of (applies to the Nanaimo Regional District electoral areas E, F, G and H)
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of

- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Area
- Surrey, City of
- Thompson-Nicola, Regional District of (applies to the Thompson-Nicola Regional District electoral area A) (effective November 1, 2011)
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Need more info?

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Hotel Room Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Hotel_Room_Tax/hrt_legislation.htm

Accommodation

Provincial Sales Tax Act

The PST and MRDT Guide for Accommodation Providers has been re-issued as Bulletin PST 120, Accommodation. The revision bar (|) identifies changes from the last version of the guide dated October 2013. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, please see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	13
Residential Energy Products	14
MRDT Participating Municipalities, Regional Districts and Eligible Entities	15

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Up to 2% MRDT on Accommodation

In addition to the 8% PST, the up to 2% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue for local tourism marketing, programs and projects. For a list of participating areas and their tax rates, see the section below, MRDT Participating Municipalities, Regional Districts and Eligible Entities.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see the section below, Units of Accommodation)
- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see the section below, Accommodation Provided for a Continuous Period of More than One Month)
- on First Nation land when purchased by a First Nation individual or band (see the section below, Sales of Accommodation to First Nation Individuals and Bands)

- in industrial camps in certain situations (see the section below, Sales of Accommodation in Industrial Camps)
- by a religious or charitable organization at a summer camp or similar place
- without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see the section below, Rooms that do not Contain a Bed)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see the section below, Sales to the Provincial or Federal Governments), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see the section below, Sales of Accommodation to Members of the Diplomatic or Consular Corps).

For additional information on exempt sales of accommodation, see the section below, Exempt Sales of Accommodation.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite, whereas a unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you are required to register and to charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using eTaxBC (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, please contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 2% MRDT and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
<u>MRDT (\$203 x 2%)</u>	<u>\$ 4.06</u>
Total (not including GST)	\$223.30

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees. You **do not** charge PST on sales of accommodation billed to the Government of Canada provided the relevant department of the federal government supports its exemption claim with its PST registration number.

You charge PST on sales of accommodation to all other federal agencies as well as to all federal employees. This includes:

- employees of the Government of Canada who are billed directly (e.g. credit cards in an employee's name), and
- federal Crown Corporations and agencies and their employees.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see the section below, Commissions).

Accommodation providers registered to collect the MRDT are required to submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on the nature of your reporting period. For example, if you are on a monthly remittance schedule, you are required to remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Please contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you are required to remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, please visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, please visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year are required to file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit PST and MRDT** electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file PST and MRDT returns** electronically, you must use either eTaxBC or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period in which you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General (FIN 490)*.

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see section above, Sales of Accommodation to Tourism Agents.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

The one-month period can begin on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

If you bill for a period of longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the rooms continuously purchased for a period of more than one month are exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information on exempt accommodation, please see the section above, Exempt Accommodation.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information on related services, please see **Bulletin PST 301, Related Services**.

Rooms that do not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For information on exemptions for First Nation individuals and bands, including procedures for providing exemptions, please see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, please see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price Where Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package $\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00
---	---------

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price Where Accommodation is Not Offered Without Meals and Services

Effective February 19, 2014, if you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|--|----------|
| ▪ 15% of purchase price
$\$4,000 \times 15\% =$ | \$600.00 |
|--|----------|

and

- | | |
|--|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased
$3 \text{ nights} \times \$100 =$ | \$300.00 |
|--|----------|

PST payable on the lesser of the above $\$300 \times 8\% =$	\$24.00
--	---------

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please Note: Different rules apply where these accommodation packages are sold or provided before February 19, 2014. For more information, please contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information on the application of PST to purchases of goods in BC, please see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, please see **Bulletin PST 107, Telecommunication Services**.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane
- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, please see **Bulletin PST 203**, *Energy and Energy Conservation*.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT of 2% applies in the following designated areas:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Chilliwack, City of
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Clearwater, District of
- Courtenay, city of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D

- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information on application requirements for the MRDT Program, please contact the **Ministry of Jobs, Tourism and Skills Training**.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

February 2014

- The rules regarding the exemption for "rooms that do not contain a bed" have been clarified.
 - The procedures for making exempt sales of accommodation on First Nation land to a First Individual or band have been removed. The procedures can be found in **Bulletin PST 314, Exemptions for First Nations**.
 - As a result of Budget 2014 changes to the legislation:
 - effective February 19, 2014, the special rules regarding how to calculate the purchase price of accommodation provided with meals and services apply regardless of what services are being provided (i.e. the services no longer have to be certain specialized services) or who the accommodation provider is (i.e. the accommodation provider no longer has to be certain types of accommodation providers)
 - retroactive to April 1, 2013, special rules ensure that certain goods are not sold or leased when provided with a sale of accommodation (e.g. soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items provided free of charge to guests)
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*.



Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

Issued: February 2014
Revised: November 2014

Accommodation Provincial Sales Tax Act

The PST and MRDT Guide for Accommodation Providers has been re-issued as Bulletin PST 120, Accommodation. The revision bar (|) identifies changes to the previous version of this bulletin dated February 2014. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	13
Residential Energy Products	13
MRDT Participating Municipalities, Regional Districts and Eligible Entities	15

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Up to 2% MRDT on Accommodation

In addition to the 8% PST, the up to 2% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue for local tourism marketing, programs and projects. For a list of participating areas and their tax rates, see MRDT Participating Municipalities, Regional Districts and Eligible Entities below.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see Units of Accommodation below)
- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see Accommodation Provided for a Continuous Period of More than One Month below)
- on First Nation land when purchased by a First Nation individual or band (see Sales of Accommodation to First Nation Individuals and Bands below)

- in industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below)
- by a religious or charitable organization at a summer camp or similar place
- without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see Rooms that do not Contain a Bed below)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below).

For additional information on exempt sales of accommodation, see Exempt Sales of Accommodation below.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you must register and charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using **eTaxBC** (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 2% MRDT and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
<u>MRDT (\$203 x 2%)</u>	<u>\$ 4.06</u>
Total (not including GST)	\$223.30

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees. You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

You charge PST on sales of accommodation to all other federal agencies as well as to all federal employees. This includes:

- employees of the Government of Canada who are billed directly (e.g. credit cards in an employee's name), and
- federal Crown Corporations and agencies and their employees.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see Commissions below).

Accommodation providers registered to collect the MRDT must submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on your reporting period frequency. For example, if you are on a monthly remittance schedule, you must remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you must remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year must file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit** PST and MRDT electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file** PST and MRDT returns electronically, you must use either **eTaxBC** or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period that you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General (FIN 490)*.

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

The one-month period can begin on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

If you bill for a period longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the rooms continuously purchased for a period of more than one month are exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information, see Exempt Accommodation above.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information on related services, see **Bulletin PST 301, Related Services**.

Rooms that do not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For more information, see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price If Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package $\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00
---	---------

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price If Accommodation is Not Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|--|----------|
| ▪ 15% of purchase price
$\$4,000 \times 15\% =$ | \$600.00 |
|--|----------|

and

- | | |
|--|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased
$3 \text{ nights} \times \$100 =$ | \$300.00 |
|--|----------|

PST payable on the lesser of the above $\$300 \times 8\% =$	\$24.00
--	---------

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please note: Different rules apply if these accommodation packages are sold or provided before February 19, 2014. For more information, contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information on the application of PST to purchases of goods in BC, see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see **Bulletin PST 107, Telecommunication Services**.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane

- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, see **Bulletin PST 203, Energy, Energy Conservation and the ICE Fund Tax**.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT of 2% applies in the following designated areas:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Castlegar, City of (effective January 1, 2015)
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D
- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of

- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information on application requirements for the MRDT Program, contact the **Ministry of Jobs, Tourism and Skills Training**.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

November 2014

- Effective January 1, 2015, 2% MRDT applies in the City of Castlegar.
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*.



Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

Issued: February 2014

Revised: January 2015

Accommodation

Provincial Sales Tax Act

*The revision bar (|) identifies changes to the previous version of this bulletin dated November 2014.
For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	13
Residential Energy Products	13
MRDT Participating Municipalities, Regional Districts and Eligible Entities	15

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

2% MRDT on Accommodation

In addition to the 8% PST, the 2% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue for local tourism marketing, programs and projects. For a list of participating areas and their tax rates, see MRDT Participating Municipalities, Regional Districts and Eligible Entities below.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see Units of Accommodation below)
- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see Accommodation Provided for a Continuous Period of More than One Month below)
- on First Nation land when purchased by a First Nation individual or band (see Sales of Accommodation to First Nation Individuals and Bands below)

- in industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below)
- by a religious or charitable organization at a summer camp or similar place
- without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see Rooms that do not Contain a Bed below)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below).

For more information, see Exempt Sales of Accommodation below.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you must register and charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using **eTaxBC** (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 2% MRDT and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
MRDT (\$203 x 2%)	\$ 4.06
Total (not including GST)	\$223.30

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees.

You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

All federal government departments may claim the PST exemption. There are some federal boards, agencies and commissions that do not qualify and must pay PST. The federal entities that do not qualify are listed in **Schedule I** of the *Federal-Provincial Fiscal Arrangements Act* (Canada), and in Part I or Part II of **Schedule III** of the *Financial Administration Act* (Canada). If a federal entity is not listed on either of these schedules, they qualify for exemption.

The exemption does not extend to purchases by third parties, such as those by employees of either the federal government or an eligible federal entity.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see Commissions below).

Accommodation providers registered to collect the MRDT must submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on your reporting period frequency. For example, if you are on a monthly remittance schedule, you must remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you must remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year must file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit** PST and MRDT electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file** PST and MRDT returns electronically, you must use either **eTaxBC** or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period that you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General (FIN 490)*.

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

The one-month period can begin on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

If you bill for a period longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the rooms continuously purchased for a period of more than one month are exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information, see Exempt Accommodation above.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information on related services, see **Bulletin PST 301, Related Services**.

Rooms that do Not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For more information, see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price If Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package $\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00
---	---------

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price If Accommodation is Not Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|--|----------|
| ▪ 15% of purchase price
$\$4,000 \times 15\% =$ | \$600.00 |
|--|----------|

and

- | | |
|--|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased
$3 \text{ nights} \times \$100 =$ | \$300.00 |
|--|----------|

PST payable on the lesser of the above $\$300 \times 8\% =$	\$24.00
--	---------

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please note: Different rules apply if these accommodation packages are sold or provided before February 19, 2014. For more information, contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information on the application of PST to purchases of goods in BC, see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see **Bulletin PST 107, Telecommunication Services**.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane

- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, see **Bulletin PST 203, Energy, Energy Conservation and the ICE Fund Tax**.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT of 2% applies in the following designated areas:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Castlegar, City of (effective January 1, 2015)
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D
- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of

- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information on application requirements for the MRDT Program, contact the **Ministry of Jobs, Tourism and Skills Training**.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

January 2015

- Clarified that only federal government departments and some federal boards, agencies and commissions may claim the PST exemption. The exemption does not extend to purchases by third parties, such as those by employees of the federal government or an eligible federal entity.
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*.



Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

Issued: February 2014
Revised: February 2015

Accommodation

Provincial Sales Tax Act

*The revision bar (|) identifies changes to the previous version of this bulletin dated November 2014.
For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	12
Residential Energy Products	13
Changes to Accommodation Areas or MRDT Rate.....	14
MRDT Participating Municipalities, Regional Districts and Eligible Entities	16

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

2% MRDT on Accommodation

In addition to the 8% PST, the 2% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue primarily for local tourism marketing, programs and projects. If your area has recently started participating in the MRDT program, or has changed the MRDT rate that applies, see *Changes to Accommodation Areas or MRDT Rate* below. For a list of participating areas and their tax rates, see *MRDT Participating Municipalities, Regional Districts and Eligible Entities* below.

Please note: Effective September 1, 2015, the maximum MRDT rate is 3%. To increase the rate in their area, participating municipalities, regional districts and eligible entities will have to apply. A tax rate increase will only take effect after an application has been approved by regulation.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see *Units of Accommodation* below)

- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see Accommodation Provided for a Continuous Period of More than One Month below)
- on First Nation land when purchased by a First Nation individual or band (see Sales of Accommodation to First Nation Individuals and Bands below)
- in industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below)
- by a religious or charitable organization at a summer camp or similar place without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see Rooms that do not Contain a Bed below)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below).

For more information, see Exempt Sales of Accommodation below.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you must register and charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using **eTaxBC** (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 2% MRDT and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
<u>MRDT (\$203 x 2%)</u>	<u>\$ 4.06</u>
Total (not including GST)	\$223.30

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees.

You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

All federal government departments may claim the PST exemption. There are some federal boards, agencies and commissions that do not qualify and must pay PST. The federal entities that do not qualify are listed in **Schedule I** of the *Federal-Provincial Fiscal Arrangements Act* (Canada), and in Part I or Part II of **Schedule III** of the *Financial Administration Act* (Canada). If a federal entity is not listed on either of these schedules, they qualify for exemption.

The exemption does not extend to purchases by third parties, such as those by employees of either the federal government or an eligible federal entity.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see Commissions below).

Accommodation providers registered to collect the MRDT must submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on your reporting period frequency. For example, if you are on a monthly remittance schedule, you must remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you must remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year must file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit** PST and MRDT electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file** PST and MRDT returns electronically, you must use either **eTaxBC** or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period that you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General* (**FIN 490**).

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

The one-month period can begin on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

If you bill for a period longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the rooms continuously purchased for a period of more than one month

are exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information, see Exempt Accommodation above.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information on related services, see **Bulletin PST 301**, *Related Services*.

Rooms That do Not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For more information, see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price If Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package	
$\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price If Accommodation is Not Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|-------------------------|----------|
| ▪ 15% of purchase price | |
| $\$4,000 \times 15\% =$ | \$600.00 |

and

- | | |
|---|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased | |
| $3 \text{ nights} \times \$100 =$ | \$300.00 |

PST payable on the lesser of the above	
$\$300 \times 8\% =$	\$24.00

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please note: Different rules apply if these accommodation packages are sold or provided before February 19, 2014. For more information, contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information on the application of PST to purchases of goods in BC, see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see **Bulletin PST 107, Telecommunication Services**.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane
- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, see **Bulletin PST 203, Energy, Energy Conservation and the ICE Fund Tax**.

Changes to Accommodation Areas or MRDT Rate

The following explains how MRDT applies when your customer's stay straddles changes to MRDT in your area. This includes when your area starts or stops participating in the MRDT program, or when your area increases the MRDT rate.

Area Starts Participating in MRDT Program

You must charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area becomes an MRDT participating area, and
- your customer pays for their stay on or after the day the area becomes an MRDT participating area, even if your customer stays **before** the area becomes an MRDT participating area.

For example, you provide accommodation for your customer from March 27 to April 4. Your area starts participating in the MRDT program April 1. Your customer pays for the entire stay on April 4, when payment is due. You charge MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

MRDT Rate Increase

You must charge the increased MRDT rate on accommodation if:

- payment for the accommodation is due on or after the day the area increases its MRDT rate, and
- your customer pays for their stay on or after the day the area increases its MRDT rate, even if your customer stays **before** the area increases its MRDT rate.

For example, you provide accommodation for your customer from June 27 to July 4. Your area increases its MRDT rate from 2% to 3% effective July 1. Your customer pays for the entire stay on July 4, when payment is due. You charge 3% MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

Area Stops Participating in MRDT Program

You do not charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area stops being an MRDT participating area, and
- your customer pays for their stay on or after the day the area stops being an MRDT participating area, even if your customer stays **before** the area stops being an MRDT participating area.

For example, you provide accommodation for your customer from April 27 to May 4. Your area stops participating in the MRDT program on April 30. Your customer pays for the entire stay on May 4, when payment is due. You do not charge any MRDT.

Refunds

MRDT Paid in Newly Designated Accommodation Area

A purchaser of accommodation may be eligible for a refund of the MRDT paid if, **before** the area became a designated accommodation area, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the MRDT paid on the purchase price of the accommodation for each of the specified number of days of accommodation that are set out in the confirmation, contract or covered by the deposit.

MRDT Paid Due to Rate Increase

If a purchaser paid MRDT on accommodation in an area that increased its MRDT rate, the purchaser may be eligible for a refund of some of the MRDT paid if, **before** the area increased its MRDT rate, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the difference between the MRDT you paid and the MRDT you would have paid if the MRDT rate had not increased.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT of 2% applies in the following designated areas:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Castlegar, City of (effective January 1, 2015)
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D

- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information on application requirements for the MRDT Program, contact communitypartnerships@destinationbc.ca at Destination BC.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

February 2015

- As a result of Budget 2015:
 - Clarified how the MRDT applies to stays that straddle an MRDT change in a designated accommodation area
 - Provided a refund for customers that paid additional MRDT because of a rate change during their stay in certain circumstances
 - Increased the maximum MRDT rate from 2% to 3%
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*.



Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

Issued: February 2014
Revised: June 2015

Accommodation

Provincial Sales Tax Act

*The revision bar (|) identifies changes to the previous version of this bulletin dated February 2015.
For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	12
Residential Energy Products	13
Changes to Accommodation Areas or MRDT Rate	14
MRDT Participating Municipalities, Regional Districts and Eligible Entities	16

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

2% MRDT on Accommodation

In addition to the 8% PST, the 2% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue primarily for local tourism marketing, programs and projects. If your area has recently started participating in the MRDT program, or has changed the MRDT rate that applies, see *Changes to Accommodation Areas or MRDT Rate* below. For a list of participating areas and their tax rates, see *MRDT Participating Municipalities, Regional Districts and Eligible Entities* below.

Please note: Effective September 1, 2015, the maximum MRDT rate is 3%. To increase the rate in their area, participating municipalities, regional districts and eligible entities will have to apply. A tax rate increase will only take effect after an application has been approved by regulation.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see *Units of Accommodation* below)

- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see Accommodation Provided for a Continuous Period of More than One Month below)
- on First Nation land when purchased by a First Nation individual or band (see Sales of Accommodation to First Nation Individuals and Bands below)
- in industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below)
- by a religious or charitable organization at a summer camp or similar place without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see Rooms that do not Contain a Bed below)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below).

For more information, see Exempt Sales of Accommodation below.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you must register and charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using **eTaxBC** (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 2% MRDT and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
<u>MRDT (\$203 x 2%)</u>	<u>\$ 4.06</u>
Total (not including GST)	\$223.30

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees.

You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

All federal government departments may claim the PST exemption. There are some federal boards, agencies and commissions that do not qualify and must pay PST. The federal entities that do not qualify are listed in **Schedule I** of the *Federal-Provincial Fiscal Arrangements Act* (Canada), and in Part I or Part II of **Schedule III** of the *Financial Administration Act* (Canada). If a federal entity is not listed on either of these schedules, they qualify for exemption.

The exemption does not extend to purchases by third parties, such as those by employees of either the federal government or an eligible federal entity.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see Commissions below).

Accommodation providers registered to collect the MRDT must submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on your reporting period frequency. For example, if you are on a monthly remittance schedule, you must remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you must remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year must file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit** PST and MRDT electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file** PST and MRDT returns electronically, you must use either **eTaxBC** or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period that you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General (FIN 490)*.

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

What is a Continuous Period of More than One Month?

A one-month period begins on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

Providing the Exemption

If you bill for a period longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

Providing a Fixed Number of Rooms to Your Customer

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the number of rooms continuously purchased for a period of more than one month is exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Please note: The exemption still applies even if the employees switch rooms or use different rooms during the period. For example, a business purchases 30 rooms for a continuous period of more than one month from a hotel that has 100 rooms. For the purposes of the exemption, any of the hotel's 100 rooms could be used on any given night during that period to fulfill their contract with the business.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information, see Exempt Accommodation above.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information, see **Bulletin PST 301, Related Services**.

Rooms That do Not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For more information, see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price If Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package $\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00
---	---------

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price If Accommodation is Not Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|--|----------|
| ▪ 15% of purchase price
$\$4,000 \times 15\% =$ | \$600.00 |
|--|----------|

and

- | | |
|--|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased
$3 \text{ nights} \times \$100 =$ | \$300.00 |
|--|----------|

PST payable on the lesser of the above $\$300 \times 8\% =$	\$24.00
--	---------

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please note: Different rules apply if these accommodation packages are sold or provided before February 19, 2014. For more information, contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods

outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information, see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see **Bulletin PST 107, Telecommunication Services**.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane
- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, see **Bulletin PST 203, Energy, Energy Conservation and the ICE Fund Tax.**

Changes to Accommodation Areas or MRDT Rate

The following explains how MRDT applies when your customer's stay straddles changes to MRDT in your area. This includes when your area starts or stops participating in the MRDT program, or when your area increases the MRDT rate.

Area Starts Participating in MRDT Program

You must charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area becomes an MRDT participating area, and
- your customer pays for their stay on or after the day the area becomes an MRDT participating area, even if your customer stays **before** the area becomes an MRDT participating area.

For example, you provide accommodation for your customer from March 27 to April 4. Your area starts participating in the MRDT program April 1. Your customer pays for the entire stay on April 4, when payment is due. You charge MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

MRDT Rate Increase

You must charge the increased MRDT rate on accommodation if:

- payment for the accommodation is due on or after the day the area increases its MRDT rate, and
- your customer pays for their stay on or after the day the area increases its MRDT rate, even if your customer stays **before** the area increases its MRDT rate.

For example, you provide accommodation for your customer from June 27 to July 4. Your area increases its MRDT rate from 2% to 3% effective July 1. Your customer pays for the entire stay on July 4, when payment is due. You charge 3% MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

Area Stops Participating in MRDT Program

You do not charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area stops being an MRDT participating area, and
- your customer pays for their stay on or after the day the area stops being an MRDT participating area, even if your customer stays **before** the area stops being an MRDT participating area.

For example, you provide accommodation for your customer from April 27 to May 4. Your area stops participating in the MRDT program on April 30. Your customer pays for the entire stay on May 4, when payment is due. You do not charge any MRDT.

Refunds

MRDT Paid in Newly Designated Accommodation Area

A purchaser of accommodation may be eligible for a refund of the MRDT paid if, **before** the area became a designated accommodation area, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the MRDT paid on the purchase price of the accommodation for each of the specified number of days of accommodation that are set out in the confirmation, contract or covered by the deposit.

MRDT Paid Due to Rate Increase

If a purchaser paid MRDT on accommodation in an area that increased its MRDT rate, the purchaser may be eligible for a refund of some of the MRDT paid if, **before** the area increased its MRDT rate, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the difference between the MRDT you paid and the MRDT you would have paid if the MRDT rate had not increased.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT of 2% applies in the following designated areas:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Castlegar, City of (effective January 1, 2015)
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D

- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information, contact communitypartnerships@destinationbc.ca at Destination BC.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

June 2015

- Clarified that where a business purchases a fixed number of rooms for a continuous period of more than one month for their employees, the exemption still applies even if the employees switch rooms or use different rooms during the period.
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*; *Designated Accommodation Area Tax Regulation*.



Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

Issued: February 2014

Revised: July 2015

Accommodation

Provincial Sales Tax Act

The revision bar (|) identifies changes to the previous version of this bulletin dated June 2015. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how the PST and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides **Completing the Provincial Sales Tax Return** and **Completing the Municipal and Regional District Tax Return**.

Table of Contents

PST and MRDT on Accommodation	2
Taxable and Exempt Accommodation.....	2
Registration	4
Charging PST and MRDT	4
Reporting and Remitting PST and MRDT	6
Exempt Sales of Accommodation	8
Taxable Value of Accommodation Provided with Meals.....	11
Taxable Value of Accommodation Provided with Meals and Services	11
Sales of PST Taxable Goods	12
Residential Energy Products	13
Changes to Accommodation Areas or MRDT Rate.....	14
MRDT Participating Municipalities, Regional Districts and Eligible Entities	16

PST and MRDT on Accommodation

8% PST on Accommodation

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Up to 3% MRDT on Accommodation

In addition to the 8% PST, the up to 3% municipal and regional district tax (MRDT) applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. Currently, all participating areas of BC are charging an MRDT of 2% except for the City of Vancouver, where the rate will increase to 3% effective September 1, 2015. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue primarily for tourism marketing, programs and projects. If your area has recently started participating in the MRDT program, or has changed the MRDT rate that applies, see *Changes to Accommodation Areas or MRDT Rate* below. For a list of participating areas and their tax rates, see *MRDT Participating Municipalities, Regional Districts and Eligible Entities* below.

Please note: Effective September 1, 2015, the maximum MRDT rate is 3%. To increase the rate in their area, participating municipalities, regional districts and eligible entities will have to apply. A tax rate increase will only take effect after an application has been approved by regulation.

Taxable and Exempt Accommodation

What is Accommodation?

For the purpose of the PST and MRDT, accommodation includes lodging provided in:

- hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments,
- lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes, trailers and vacation homes,
- a dwelling operated by a club or association, whether or not a membership is required for the use of the dwelling, and
- ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC.

Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- by a person who **offers** less than four units of accommodation in BC (see *Units of Accommodation* below)

- if the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week. For example, if you provide two nights of accommodation (e.g. Friday and Saturday night), the total pre-tax purchase price for the two nights must be \$60 or less for the accommodation to be exempt from PST and MRDT.
- to the same person for a continuous period of more than one month (see Accommodation Provided for a Continuous Period of More than One Month below)
- on First Nation land when purchased by a First Nation individual or band (see Sales of Accommodation to First Nation Individuals and Bands below)
- in industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below)
- by a religious or charitable organization at a summer camp or similar place without any of the following amenities: bed linen, electricity, indoor plumbing or heat (**note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- in tents
- in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long-term residential care facilities
- in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC
- without a bed in certain situations (see Rooms that do not Contain a Bed below)

Accommodation is also exempt when purchased by:

- the Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below), or
- members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below).

For more information, see Exempt Sales of Accommodation below.

Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

PST and MRDT apply if you offer four or more units of accommodation in BC, even if the accommodation is offered on behalf of another owner, and regardless of how many units are actually sold on any given night.

The number of units of accommodation is based on the total number of units you offer in BC, even if some of the units are in separate establishments, locations or have different owners. For example, if you offer three units at a bed and breakfast in Squamish, and you also offer a private cabin in Whistler on behalf of another owner, you must register and charge PST and MRDT because you offer a total of four units of accommodation.

If you normally offer four or more units, but can show clear documentation that you are offering and selling less than four units for a given period of time (e.g. during your off-season), you do not charge PST and MRDT on these units during that period of time only. Clear documentation includes staff layoffs, advertising and website changes that show that less than four units are available.

If you offer less than four units of accommodation, you do not charge PST and MRDT and do not need to register for the PST for the purpose of selling accommodation.

If at any time you advertise or offer less than four units of accommodation in BC, but actually sell four or more units, you must charge PST and MRDT.

Registration

You must register for the PST if you provide taxable accommodation in BC. You do not need to separately register for the MRDT. If you provide accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

You can apply to register with the ministry using any of the following options:

- **Online:** Register online using **eTaxBC** (see our webpage **Register to Collect PST** for more information).
- **In Person:** Register at your local **Service BC Centre** or at 1802 Douglas Street in Victoria.
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax (FIN 418)* and mail or fax it to the ministry.

Charging PST and MRDT

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the earliest of:

- the day you first issue an invoice for the sale,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase price under a written agreement.

Please note: Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

For example, if your hotel is located in Victoria, which is subject to a 2% MRDT, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
MRDT (\$200 x 2%)	\$ 4
Total (not including GST)	\$220

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the **CRA** website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

For example, if your hotel is located in Vancouver, which is subject to a 3% MRDT (effective September 1, 2015) and a 1.5% destination marketing fee, and you provide a room in your hotel for \$200 per night, your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee (\$200 x 1.5%)	\$ 3.00
PST (\$203 x 8%)	\$ 16.24
<u>MRDT (\$203 x 3%)</u>	<u>\$ 6.09</u>
Total (not including GST)	\$225.33

Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows:

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

Sales to the Provincial or Federal Governments

Sales to Provincial Government: You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

Sales to Government of Canada: You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees.

You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

All federal government departments may claim the PST exemption. There are some federal boards, agencies and commissions that do not qualify and must pay PST. The federal entities that do not qualify are listed in **Schedule I** of the *Federal-Provincial Fiscal Arrangements Act* (Canada), and in Part I or Part II of **Schedule III** of the *Financial Administration Act* (Canada). If a federal entity is not listed on either of these schedules, they qualify for exemption.

The exemption does not extend to purchases by third parties, such as those by employees of either the federal government or an eligible federal entity.

Reporting and Remitting PST and MRDT

You must report and remit (pay) to the ministry any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must remit, on separate returns, all PST and MRDT charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file both your PST return and MRDT return (if applicable), and remit the PST and MRDT charged in that period no later than July 31. If you do not remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and you may not be able to claim the commission for collecting PST (see Commissions below).

Accommodation providers registered to collect the MRDT must submit an MRDT return that is separate from their PST return. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return.

Reporting Frequencies

When you register for the PST and MRDT you are placed on a filing schedule that applies to both your PST and your MRDT remittances. Your remittances are due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on your reporting period frequency. For example, if you are on a monthly remittance schedule, you must remit the tax you charged in April no later than May 31.

Your reporting frequency is determined at the time of registration based on how much PST you are estimated to collect per reporting period on sales of accommodation in BC. MRDT collected is not taken into account for determining filing frequency.

Reporting periods may be monthly, quarterly, semi-annual or annual.

The following chart shows the reporting frequency options.

PST Collectable Per Year	Filing Frequency Options
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your reporting frequency. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST and MRDT you may request reporting periods that match your accounting periods. Contact us for more information.

In addition to the above, if you collect PST and/or MRDT, or collect an amount as if it were PST and/or MRDT, you must remit that amount to the ministry. For example, if you charged and collected PST at an incorrect rate on accommodation (e.g. 12% instead of 8%) or you charged and collected PST and/or MRDT on exempt accommodation, you still have to remit the amount collected to the ministry. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more using **eTaxBC**.
- **Internet Banking:** Check with your financial institution to see if you can file your PST return and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST; if you collect MRDT you need to file and pay MRDT taxes using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our **Electronic Funds Transfer and Wire Payments** page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and pay PST and MRDT in person at most financial institutions, your local **Service BC Centre** or at 1802 Douglas Street in Victoria.

Most financial institutions and **Service BC Centres** will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Similar to the requirements for GST/HST, businesses with at least \$1.5 million in total Canadian sales and leases per year must file tax returns and remit PST and MRDT electronically.

You may use any of the following options to **remit** PST and MRDT electronically:

- Online at the **eTaxBC** site
- Through your financial institution's online tax filing and payment service
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using eTaxBC

To **file** PST and MRDT returns electronically, you must use either **eTaxBC** or your financial institution's filing and payment service.

If you do not remit the full amount of PST owing on time and as required, you may be subject to a penalty and interest charges. For more information, see **Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments**.

Commissions

As a registered collector, you are entitled to a commission for each reporting period that you remit PST as required and on time. If you have more than one PST account, you only claim commission on one of those accounts. You cannot claim commission for collecting MRDT. However, you still have to file your MRDT return on time to ensure you are not subject to a penalty and interest.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exempt Sales of Accommodation

Sales of Accommodation for Resale

If you sell accommodation to a person that is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General* (**FIN 490**).

If the purchaser later uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT applies to their purchase price of the accommodation and they must self-assess the PST and MRDT due.

Please note: Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

Accommodation Provided for a Continuous Period of More than One Month

You do not charge PST and MRDT if you provide accommodation for a continuous period of more than one month in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of more than one month by:
 - the individual,
 - their employees,
 - members of the individual's family, or
 - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of more than one month by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of more than one month by:
 - their employees, or
 - members of the employees' families.

What is a Continuous Period of More than One Month?

A one-month period begins on any date and ends the day before the numerically corresponding date in the following month, even if it is less than 30 or 31 days. For example, February 22 to March 21 is a one-month period, even though it is only 28 days. In this example, the guest must occupy the lodging through March 21 and check out March 22 (or later) to be eligible for this exemption.

Providing the Exemption

If you bill for a period longer than one month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly, bi-weekly or for a single month, or the guest pre-pays for one month of accommodation or less, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, your guest may apply to the ministry for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded one month, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional two weeks. This makes their total stay over one month. Your guest may be entitled to a refund for the PST and MRDT already paid, but they will have to apply to the ministry for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

Providing a Fixed Number of Rooms to Your Customer

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of over one month, the same rules apply. However, if the number of rooms purchased varies, only the number of rooms continuously purchased for a period of more than one month is exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of more than one month, you charge PST and MRDT on the 10 rooms not purchased for more than one month. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of more than one month.

Please note: The exemption still applies even if the employees switch rooms or use different rooms during the period. For example, a business purchases 30 rooms for a continuous period of more than one month from a hotel that has 100 rooms. For the purposes of the exemption, any of the hotel's 100 rooms could be used on any given night during that period to fulfill their contract with the business.

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer.
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp.
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer.
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer.
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer.

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. charge is less than \$30 per day, or there are no amenities provided). For more information, see Exempt Accommodation above.

Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

Please note: If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. Therefore, as part of the purchase price of that service, you need to self-assess 7% PST based on the lowest rate that you provide that accommodation for during that season.

For more information, see **Bulletin PST 301, Related Services**.

Rooms That do Not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

Sales of Accommodation to First Nation Individuals and Bands

You do not charge PST and MRDT on sales of accommodation to a First Nation individual or band if the accommodation is provided wholly on First Nation land.

For more information, see **Bulletin PST 314**, *Exemptions for First Nations*.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see **Bulletin CTB 007**, *Exemption for Members of the Diplomatic and Consular Corps*.

Taxable Value of Accommodation Provided with Meals

Accommodation Provided with Meals for a Single Price

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

Taxable Value of Accommodation Provided with Meals and Services

You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

All-inclusive Price If Accommodation is Also Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

Example 1

Cost of two-night, three-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00

PST payable on two nights accommodation included with the package $\$100 \times 2 \text{ nights} \times 8\% =$	\$16.00
---	---------

MRDT payable on two nights accommodation included with the package (assumes MRDT applies and is 2%) $\$100 \times 2 \text{ nights} \times 2\% =$	\$4.00
---	--------

All-inclusive Price If Accommodation is Not Offered Without Meals and Services

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price, and
- \$100 per day.

Example 2

Cost of three-night, four-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	

- | | |
|--|----------|
| ▪ 15% of purchase price
$\$4,000 \times 15\% =$ | \$600.00 |
|--|----------|

and

- | | |
|--|----------|
| ▪ \$100 per day calculated on each night of accommodation purchased
$3 \text{ nights} \times \$100 =$ | \$300.00 |
|--|----------|

PST payable on the lesser of the above $\$300 \times 8\% =$	\$24.00
--	---------

MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6.00
--	--------

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation qualifies for the exemption for accommodation sold for \$30 or less.

Please note: Different rules apply if these accommodation packages are sold or provided before February 19, 2014. For more information, contact us.

Sales of PST Taxable Goods

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods

outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information, see the **Small Business Guide to PST**.

Exception – Goods Provided with Accommodation

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation, including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is not separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

Internet Access, Long Distance Telephone Calls and In-room Movies

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see **Bulletin PST 107**, *Telecommunication Services*.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or to hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) and if you charge your customers a fee to play video games.

Residential Energy Products

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- butane
- naphtha
- kerosene
- methanol
- heat, including transferred energy that results in cooling
- steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use) are subject to 7% PST.

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts of the building containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained solely for residential use if the following criteria are met:

- the residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

For more information, see **Bulletin PST 203**, *Energy, Energy Conservation and the ICE Fund Tax*.

Changes to Accommodation Areas or MRDT Rate

The following explains how MRDT applies when your customer's stay straddles changes to MRDT in your area. This includes when your area starts or stops participating in the MRDT program, or when your area increases the MRDT rate.

Area Starts Participating in MRDT Program

You must charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area becomes an MRDT participating area, and
- your customer pays for their stay on or after the day the area becomes an MRDT participating area, even if your customer stays **before** the area becomes an MRDT participating area.

For example, you provide accommodation for your customer from March 27 to April 4. Your area starts participating in the MRDT program April 1. Your customer pays for the entire stay on April 4, when payment is due. You charge MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

MRDT Rate Increase

You must charge the increased MRDT rate on accommodation if:

- payment for the accommodation is due on or after the day the area increases its MRDT rate, and
- your customer pays for their stay on or after the day the area increases its MRDT rate, even if your customer stays **before** the area increases its MRDT rate.

For example, you provide accommodation in the City of Vancouver for your customer from August 27 to September 4. The City of Vancouver increases its MRDT rate from 2% to 3% effective September 1. Your customer pays for the entire stay on September 4, when payment is due. You charge 3% MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

Area Stops Participating in MRDT Program

You do not charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area stops being an MRDT participating area, and
- your customer pays for their stay on or after the day the area stops being an MRDT participating area, even if your customer stays **before** the area stops being an MRDT participating area.

For example, you provide accommodation for your customer from April 27 to May 4. Your area stops participating in the MRDT program on April 30. Your customer pays for the entire stay on May 4, when payment is due. You do not charge any MRDT.

Refunds

To apply for one of the refunds described below from the ministry, complete an *Application for Refund – General (FIN 355)* and provide the supporting documentation listed in the instructions to the form.

The ministry cannot issue a refund of less than \$10.

MRDT Paid in Newly Designated Accommodation Area

A purchaser of accommodation may be eligible for a refund of the MRDT paid if, **before** the area became a designated accommodation area, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the MRDT paid on the purchase price of the accommodation for each of the specified number of days of accommodation that are set out in the confirmation, contract or covered by the deposit.

MRDT Paid Due to Rate Increase

If a purchaser paid MRDT on accommodation in an area that increased its MRDT rate, the purchaser may be eligible for a refund of some of the MRDT paid if, **before** the area increased its MRDT rate, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the difference between the MRDT you paid and the MRDT you would have paid if the MRDT rate had not increased.

MRDT Participating Municipalities, Regional Districts and Eligible Entities

The MRDT rate for all areas is 2% unless otherwise specified below:

- Alert Bay, Village of
- Abbotsford, City of
- Big White Ski Resort
- Burnaby, City of
- Castlegar, City of
- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
 - the Town of Golden
 - Kicking Horse Mountain Resort Area
 - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- East Kootenay, Regional District of – applies in:
 - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
 - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
 - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of

- Kelowna, City of
- Kimberley, City of
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D
- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, City of (effective February 1, 2015)
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Municipality
- Surrey, City of
- Thompson-Nicola, Regional District of – applies in the District of Barriere and Electoral Areas O and P (effective February 1, 2015)
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of – rate increases to 3% effective September 1, 2015
- Vernon, City of

- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Participating in the MRDT Program

A municipality, regional district or eligible entity in BC wishing to participate in the MRDT program may submit applications and renewal applications to the Ministry of Jobs, Tourism and Skills Training. For more information, contact communitypartnerships@destinationbc.ca at Destination BC.



Need more info?

Online: gov.bc.ca/pst

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Find information on how the additional City of Vancouver MRDT revenue will be used on the Tourism Vancouver [website](#).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

July 2015

- The MRDT rate in the City of Vancouver is increasing from 2% to 3% effective September 1, 2015.
 - Added the City of Nanaimo and the Regional District of Thompson-Nicola (District of Barriere and Electoral Areas O and P) to the list of MRDT participating municipalities, regional districts and eligible entities, effective February 1, 2015.
-

References: *Provincial Sales Tax Act*, sections 1 "accommodation", "band", "designated accommodation area", "designated recipient", "eligible entity", "First Nation individual", "lease", "meal", "sale", "tourism agent", 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 "First Nation land", "Indian", "Nisga'a Nation", "reserve", "residential energy product", 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*; *Designated Accommodation Area Tax Regulation*.