

Fishing Lodges, Guide Outfitters, Guest Ranches, and Accommodation Packages

Hotel Room Tax Act

This bulletin outlines the application of hotel room tax to package programs offered by fishing lodges, guide outfitters, guest ranches, and other establishments.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations can be found on the web at www.rev.gov.bc.ca

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DEFINITIONS

PACKAGE PROGRAM

The sale of accommodation, meals, and specialized services for a single all-inclusive price.

SPECIALIZED SERVICES

The services of a guide; the provision of hunting, fishing, or horseback riding equipment; the provision of fishing boats, riding horses, or other types of transportation; or similar services.

NORMAL PRICE

The price at which an operator actually sells accommodation when such accommodation is sold without meals or specialized services. This does not necessarily mean the high-season rate. It could be the off-season rate or a discount rate offered to a preferred customer, provided that the operator can substantiate that the accommodation is in fact sold at that price.

REGISTRATION AND COLLECTION OF TAX

TAXABLE ACCOMMODATION

The *Hotel Room Tax Act* imposes tax on all sales of accommodation in hotels, motels, resorts, and similar establishments. Tax also applies to sales of accommodation in lodging houses, boarding houses, or rooming houses having accommodation for **four or more** tenants (i.e., four or more units of accommodation). Accommodation in clubs and similar places, whether or not membership is required for the lodging, is subject to tax as well.

NON-TAXABLE ACCOMMODATION

Sales of accommodation that are not subject to tax include lodging let to the same person for a continuous period of more than two months, such as apartments; lodging in lodging houses, boarding houses, or rooming houses having accommodation for no more than three tenants (i.e., three units of accommodation); accommodation in tents; tent or trailer sites supplied by a camp or trailer park; lodging where the charge for accommodation is \$20 or less per day, or \$140 or less per week; and lodging that is not supplied with any of the following: bedding, heat, electricity, or indoor plumbing.

REGISTRATION REQUIREMENT

All persons who sell taxable accommodation must register as operators with the Consumer Taxation Branch and collect tax on their sales. Applications for registration may be obtained from any Consumer Taxation Branch or Government

Agents office. Upon receipt of a completed application, the Consumer Taxation Branch will assign a registration number and forward a Certificate of Registration and related information to the applicant.

TAXABLE VALUE OF ACCOMMODATION

GENERAL

Where accommodation is sold separately from meals and other services offered by a resort or similar establishment, tax must be collected on the full charge to the customer for use of the accommodation. Charges for room service, dry cleaning, or other services that are separately stated on the sales invoice are not subject to hotel room tax.

ONE MEAL INCLUDED

When accommodation is sold for a single price that includes one meal (i.e., a bed and breakfast), tax applies to the normal price of the accommodation when sold without the meal. If the accommodation is not offered without the meal, tax applies to the total amount charged to the guest.

TWO OR MORE MEALS INCLUDED

When accommodation is sold for a single price that includes at least two meals in a 24-hour period (e.g., breakfast and lunch, or lunch and dinner), the purchase price to which tax applies is the normal price of that accommodation when sold without meals. If the accommodation is not offered without meals, tax applies to 60% of the all-inclusive price, as follows.

Per diem rate for meals and accommodation	\$120
Taxable value of included accommodation	$\$120 \times 60\% = \72
Tax payable on the per diem rate	$\$72 \times 8\% = \mathbf{\$5.76}$

This 60% formula **does not** apply when accommodation is sold for a single price that includes fewer than two meals a day. Continental breakfasts and afternoon teas do not qualify as meals in determining whether the 60% formula applies.

PACKAGE PROGRAMS

Where an operator offers accommodation without meals or specialized services as well as package programs, the taxable value of the accommodation included in the package program is the normal price of the accommodation when sold separately, as indicated in the following example.

Cost of three-day fishing package, single occupancy	\$450
Normal price of accommodation without package, single occupancy	\$65
Tax payable on two nights accommodation included with the package	$\$65 \times 2 \text{ nights} \times 8\% = \mathbf{\$10.40}$

Where the package price is based upon double occupancy, it must be recognized that the normal cost of that accommodation is included in two separate packages. For this reason, the normal price of the accommodation must be divided by the number of persons occupying the room as indicated in the following example.

Cost of three-day fishing package, double occupancy	\$400
Cost of accommodation when sold without package, double occupancy	\$75
Tax payable per package on accommodation	$(\$75/\text{night}/2 \text{ people}) \times 2 \text{ nights} \times 8\% = \mathbf{\$6.00}$

Where an operator offers only package programs as defined above, the taxable value of the accommodation included in the package is considered to be 15% of the all-inclusive price. However, a maximum taxable value of \$100 per day applies to accommodation included in such packages. The tax is therefore payable on 15% of the package price or \$100 per day, whichever results in less tax, calculated as follows.

Cost of five-day saltwater fishing package	\$4000
Taxable value of accommodation; lesser of:	
1. 15% of purchase price; or	$\$4,000 \times 15\% = \mathbf{\$600}$
2. Calculated at \$100 per day	$5 \text{ days} \times \$100 = \mathbf{\$500}$
Tax payable on lesser of (2) above	$\$500 \times 8\% = \mathbf{\$40.00}$

PACKAGES THAT INCLUDE TRANSPORTATION

Where a package program includes transportation of guests to and from the resort by a commercial carrier (bus, aircraft, vessel) or charter service, the cost to the operator for supplying the transportation may be deducted from the cost of the package program before calculating the taxable value of the accommodation as outlined below.

Cost of four-day saltwater fishing package, including air transportation to and from the resort \$1800

Operator's cost for air transportation \$200

Taxable value of package $(\$1,800 - \$200) \times 15\%$
= **\$240**

Tax payable on the four-day package $\$240 \times 8\%$ tax
= **\$19.20**

Only the transportation costs pertaining to the arrival and departure of the guest may be deducted from the package price. The deduction does not apply to any transportation supplied by the operator during a guest's stay at the establishment, such as transportation to fishing or hunting sites, even if a commercial carrier is used.

PACKAGE PROGRAMS THAT INCLUDE EXEMPT ACCOMMODATION

TENTS AND CABINS WITHOUT AMENITIES

Accommodation provided in tents, as well as accommodation provided in cabins without amenities (bedding, heat, electricity, and indoor plumbing) is exempt from tax under the Act. Where a hunting package includes accommodation in cabins with amenities at a base camp and accommodation in tents or cabins without amenities at satellite camps, tax applies only to the accommodation provided at the base camp. The tax payable is calculated as follows.

Per diem rate of a six-day moose hunting package for a total cost of \$1800 $\$1,800 \div 6$
= **\$300**

Taxable value of accommodation in cabins at base camp for first and last night $\$300 \times 2 \text{ days} \times 15\%$
= **\$90**

Taxable value of accommodation in tents or cabins without amenities at satellite camps Nil

Tax payable on hunting package $\$90 \times 8\%$
= **\$7.20**

\$20 OR LESS PER DAY

Accommodation sold for \$20 or less per day is specifically exempted from tax. This exemption also applies where an operator **only offers package programs** and the application of the 15% formula results in a taxable value of \$20 or less, as in the following example.

Per diem for wildlife viewing package including meals, guide, accommodation, and transportation to viewing sites \$120

Taxable value of the package $\$120 \times 15\%$
= **\$18**

Tax payable per package on accommodation Nil

TRAILERS

Hotel room tax does not apply to charges for use of trailer sites. Therefore, where the accommodation provided in a package program consists only of a trailer site on which guests park their own trailers, tax does not apply.

Where the accommodation provided in a package program is in a dormitory style trailer and the trailer has four or more units of accommodation available, the operator is required to collect tax as outlined above. If the trailer has less than four units of accommodation, the operator is not required to collect tax.

MUNICIPAL AND REGIONAL DISTRICT TAX

ADDITIONAL 2% TAX

Establishments operating in jurisdictions authorized to impose the 2% municipal and regional district tax are required to collect this tax in addition to the 8% hotel room tax. The 2% tax is applied in the same manner as the 8% hotel room tax.

MORE INFO: [Bulletin HRT 007, *Municipal and Regional District Tax*](#).

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the Web at www.rev.gov.bc.ca While there, you can subscribe to our free electronic update service.

References: *Hotel Room Tax Act*, Sections 1, 2, 3, 4, 6; Regulations 2.2, 3.1.