

Municipal and Regional District Tax

Hotel Room Tax Act

Update: May 2005 Kamloops and Sun Peaks Mountain Resort Area added to additional tax list.

The municipalities and regional districts listed in this bulletin have received approval to collect additional tax on sales of accommodation within their jurisdictional boundaries. These funds will be used by the municipalities and regional districts in developing their tourism industry.

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

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COLLECTING THE TAX

All establishments located within the approved municipalities and regional districts are required to charge both the 8% hotel room tax and the municipal and regional district tax on all sales of accommodation that are subject to tax under the *Hotel Room Tax Act*. The total amount of tax to be collected on each sale is up to 10% of the purchase price for accommodation. The purchase price on which the tax applies does not include the federal goods and services tax (GST).

The tax payable must be indicated separately from the charge for the accommodation on the invoice to the customer. The municipal and regional district tax may be stated separately or added to the hotel room tax, whichever is more convenient for the operator. For example, if the charge for accommodation is \$80.00, and the municipal or regional district tax is 2%, these may be shown on the customer's invoice in either of the following ways:

Room charge	= \$80.00
8% hotel room tax	= \$ 6.40
2% municipal tax	= \$ 1.60
Total Charge	= \$88.00

Room charge	= \$80.00
10% hotel room and municipal tax	= \$ 8.00
Total Charge	= \$88.00

REMITTING THE TAX

The 8% hotel room tax and the appropriate municipal and regional district tax must be remitted separately to the Minister of Finance no later than the 15th day following the end of the reporting period. Separate tax return forms will be provided to all operators.

Please note that no commission is allowed for collection of municipal and regional district tax. Late returns for this tax are subject to the same penalty and interest charges as apply to the hotel room tax.

In addition, failure to comply with the requirement to collect and remit the municipal and regional district tax is subject to the assessment and collection proceedings authorized under the *Hotel Room Tax Act*.

PREScribed MUNICIPALITIES AND REGIONAL DISTRICTS

Municipal and regional district tax applies in the following areas.

Municipality/Regional District	Rate	Effective Date
Abbotsford, City of	2%	May 1, 2003
Burnaby, City of	2%	June 1, 2004
Chilliwack, City of	2%	January 1, 2005
Kamloops, City of	2%	July 1, 2005
Kelowna, City of	2%	January 1, 2004
Kitimat-Stikine, District of*	2%	December 1, 2004
Merritt, City of	2%	February 1, 2005
North Vancouver, City of	2%	March 1, 2001
Oak Bay, District of	2%	August 1, 1989
Parksville, City of	2%	February 1, 2005
Prince Rupert, City of	2%	November 1, 1990
Qualicum Beach, Town of	2%	February 1, 2005
Richmond, City of	2%	October 1, 2004
Rossland, City of	1%	January 1, 2002
Saanich, District of	2%	October 1, 1990
Smithers, Town of	2%	November 1, 1990
Sun Peaks Mountain Resort Area	2%	October 1, 2005
Surrey, City of	2%	March 1, 2002
Vancouver, City of	2%	October 1, 1988
Victoria, City of	2%	February 1, 1989
Wells, District of	2%	June 1, 2004
Whistler, Resort Municipality of	2%	May 1, 1988

*Applies to City of Terrace and adjacent regional district electoral area "E"

TRANSITIONAL PERIOD

Municipal and regional district tax must be collected on all sales of accommodation taking place on or after the effective date for the municipality or regional district in which the establishment is located. However, customers who booked accommodation prior to the effective date may be eligible for a refund of the tax they have subsequently been required to pay.

A refund will be made where documentation is provided substantiating that a purchaser received written confirmation of a reservation, or had a written contract, or deposited money for the purchase of a specified number of days of accommodation to be occupied on or after the effective date.

It is the purchaser's responsibility to apply to the Consumer Taxation Branch for a refund. All applications for a refund must be accompanied by substantiating documentation and must be

submitted within six years of the date the tax was paid. Claims for amounts of less than \$10 are not eligible for a refund.

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 3, 18, 38, 43.