



PST and MRDT Guide for Accommodation Providers

Provincial Sales Tax Act

This guide explains how the provincial sales tax (PST) and the municipal and regional district tax (MRDT) apply to sales of accommodation in BC under the *Provincial Sales Tax Act*.

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](#).

For information on general responsibilities and entitlements under the *Provincial Sales Tax Act*, such as the requirement to keep records and pay PST on taxable business assets, and information on general exemptions, applying for refunds and requesting tax rulings, please see our [Small Business Guide to PST](#).

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PST and MRDT on Accommodation

8% PST on Accommodation

Effective April 1, 2013, 8% PST applies to sales of short-term accommodation provided in BC, unless a specific exemption applies. The 8% tax (previously known as the hotel room tax) has been incorporated into the PST, eliminating the additional administrative burden associated with having separate registrations, returns and remittances for those businesses that sell both short term accommodation and taxable goods.

Up to 2% MRDT on Accommodation

Effective April 1, 2013, in addition to the 8% PST, the up to 2% municipal and regional district tax (MRDT) levied on behalf of municipalities, regional districts and eligible entities continues to apply 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

Effective April 1, 2013, 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](#))
- where 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 less than \$60 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 you offer is based on the total number of units 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 need to charge PST and MRDT.

Registration

You need to 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 the new online system called eTaxBC (see our webpage [Register to Collect PST](#) for more information)
- **In person:** at your local [Service BC Centre](#) or at 1802 Douglas Street in Victoria
- **By fax or mail:** complete a paper form 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.

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.

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
<u>MRDT (\$200 x 2%)</u>	<u>\$ 4</u>
Total (not including GST)	\$220

Effective April 1, 2013, 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 more information on the application of the GST, please contact the Canada Revenue Agency at 1-800-959-5525 (English) and 1-800-959-7775 (French) or see the Canada Revenue Agency website at cra-arc.gc.ca

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 reduced consideration actually received from your guest.

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 substantiates 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.

Remitting PST and MRDT

You must report and remit (pay) to the government 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 fail to remit PST and MRDT on or before the due date, you may be subject to a penalty and interest, and will not be able to claim the commission (only PST has commission, see the section below, [Commissions](#)).

Accommodation providers registered to collect the MRDT are required to submit a 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.

When you register for the PST and MRDT you will be placed on a filing schedule that will apply to both your PST and your MRDT remittances. Starting with the PST you collect on accommodation in April 2013, your remittances, **including those for the MRDT**, will be 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 will be required to remit the tax you charged in April no later than May 31st.

Your reporting frequency will be 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, any person who collects PST and/or MRDT, or collects an amount as if it were PST and/or MRDT, is 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.

Filing and Payment Options

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

- **Online:** Starting April 1, 2013, you will be able to file your PST and MRDT returns (including Nil returns), make payments, manage your accounts and more online. The new online system, called **eTaxBC**, is intended to streamline business processes around reporting and remitting PST and MRDT.
- **Internet Banking:** Check with your financial institution to see if you can file your tax returns and make payments online through their website (online banking) or through their payment and filing service.
- **Electronic Funds Transfer** through your financial institution.
- **Mail:** Send the remittance coupon, your cheque or money order and any required documentation to: The Director, Provincial Sales Tax, PO Box 9443 Stn Prov Govt, Victoria BC V8W 9W7
- **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.

Electronic filing and payment

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 tax** electronically:

- Online at the [eTaxBC](#) site
- Through your financial institution's payment and filing service
- Through your financial institution's online banking service or electronic funds transfer

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

If you do not remit or file electronically, you may be subject to a penalty.

Commissions

Registered collectors are entitled to a commission for each reporting period in which they remit PST as required and on time. Collectors with more than one PST account may only claim commission on one of those accounts. Commission is not payable for the collection of the 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 remitted
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of the PST remitted, 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 have not yet received a PST number, they must provide you with *Certificate of Exemption – General* form ([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 by the month, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly or bi-weekly, or the guest pre-pays for less than one month of accommodation, you charge PST and MRDT. If the same guest occupies the accommodation for a period of more than one month, you can 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.

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 where 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 the accommodation is otherwise exempt from PST and MRDT (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 on the accommodation provided to the employer's employee.

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 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 do not charge PST and MRDT.

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 the purposes of this exemption:

- a First Nation individual is an individual who is an Indian under the *Indian Act (Canada)*, and whose property is exempt under section 87 of the *Indian Act (Canada)* or under a provision of a final agreement equivalent to section 87 of the *Indian Act*;
- band has the same meaning as in section 2 of the *Indian Act (Canada)*;
- First Nation land means reserve land or former reserve land now part of treaty lands (see the definition of "First Nation land" in subsection 1(1) of the Provincial Sales Tax Exemption and Refund Regulation).

Corporations or cooperatives with First Nation shareholders, tribal councils and band-empowered entities do not qualify for this exemption. Therefore, PST and MRDT apply to purchases by such organizations even if the accommodation is provided on First Nation land.

Please note: This exemption does not apply to Nisga'a citizens or to sales of accommodation on Nisga'a land. Nisga'a Citizens under the Nisga'a Final Agreement pay provincial taxes. For more information, please see [Bulletin GEN 013](#), *Provincial Taxes on Nisga'a Lands*.

Qualifying for Exemption

To qualify for exemption, **all** of the following conditions must be met.

- The accommodation purchased must be for the personal use of the First Nation individual or for the use of the band.
- The purchaser must be either:
 - a First Nation individual in possession of a *Certificate of Indian Status* card issued by the federal government, or
 - a person purchasing on behalf of a band that has written authorization from the band to act for the band. The authorization must show the band name and number and be signed by the appropriate band official.
- The accommodation must be located on First Nation land.

PST and MRDT apply to all sales of accommodation to First Nation individuals and bands that do not meet the criteria outlined above. . You are required to charge and remit PST and MRDT on all sales that do not qualify for exemption.

Procedures for Making Exempt Sales

Certificate of Indian Status Cards

Indian and Northern Affairs Canada issues a *Certificate of Indian Status* card to each person qualifying as an Indian under the *Indian Act* (Canada). Only persons who hold such a card are eligible to purchase accommodation without payment of PST and MRDT.

Please note: Nisga'a citizens have *Certificate of Indian Status* cards, but are ineligible for this exemption.

Each card bears the cardholder's photograph, name, signature, and either a band name and number or a registry number.

When presented with a *Certificate of Indian Status* card by a person requesting exemption as a First Nation individual or First Nation band, you must ensure the purchaser meets the criteria for exemption and document the transaction as follows:

- **Purchases by First Nation Individuals:** Ensure the photograph on the status card is that of the purchaser. From the information on the card, record the person's name, and the band's name and number or the registration number. Obtain the purchaser's signature on the sales slip or invoice. Ensure that this signature matches the signature on the card.
- **Purchases on Behalf of a First Nation Band:** The person requesting exemption must provide written authorization from the First Nation band to act on its behalf. Verify that the purchaser's identification matches the name of the person authorized by the band. Record the name of the purchaser, the band's name and number, and the name of the band member who signed the authorization letter. Obtain the purchaser's signature on the sales slip or invoice.

If your customer does not provide the required information or document, you are required to charge your customer PST and MRDT and they are required to pay it. If your customer later provides the required information within 180 days of the date the tax was paid, you may provide your customer with a refund or credit of the PST and MRDT paid.

If your customer does provide the required information or document and you make an exempt sale, you must retain these records to show why you did not collect PST and MRDT. Failure to retain these records may result in an assessment, penalty and interest.

Sales of Accommodation to Members of the Diplomatic or Consular Corps

You do not charge PST and MRDT on sales of accommodation to:

- specified members of the diplomatic or consular corps,
- specified foreign officials, or
- spouses of the persons described above.

For more information, including how to document exempt sales to members of the diplomatic and consular corps, please see [Bulletin CTB 007](#), *Exemptions 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 Specialized Services

For the purposes of this section, **specialized services** means any of the following:

- 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

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

- operate a fishing lodge or guest ranch,
- are a guide or guide for fish as defined in the *Wildlife Act*, or
- are a transporter as defined in section 5.01 of the *Wildlife Act Commercial Activities Regulation*.

Please note: If you sell accommodation for an all-inclusive price that does not include specialized services, but does include other services that are not subject to PST (e.g. spa services), you charge PST and MRDT based on the rules for bundled sales of taxable and non-taxable goods. For more information on bundled sales, please see [Bulletin PST 316, Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price](#).

All-inclusive Price where Accommodation without Meals or Specialized Services is also Offered

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

Example 1

Cost of a three-day fishing package, single occupancy	\$450
Cost of accommodation per night when sold without package, single occupancy	\$65
PST payable on two nights accommodation included with the package	
$\$65 \times 2 \text{ nights} \times 8\% =$	\$10.40
MRDT payable on two nights accommodation included with the package	
(assumes MRDT applies and is 2%) $\$65 \times 2 \text{ nights} \times 2\% =$	\$2.60

Please note: If 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.

Example 2

Cost of three-day fishing package, double occupancy	\$400
Cost of accommodation per night when sold without package, double occupancy	\$75
PST payable on two nights accommodation included with the package	
$\$75 \times 2 \text{ nights} \div 2 \text{ people} \times 8\% =$	\$6.00
MRDT payable on two nights accommodation included with the package	
(assumes MRDT applies and is 2%) $\$75 \times 2 \text{ nights} \div 2 \text{ people} \times 2\% =$	\$1.50

All-inclusive Price where Accommodation without Meals or Specialized Services is Not Offered

If you sell accommodation for an all-inclusive price that includes meals and specialized services, and you do not offer accommodation without meals and specialized 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 3

Cost of three-night, four-day saltwater fishing package	\$4,000
Taxable value of accommodation is the lesser of:	
▪ 15% of purchase price	
$\$4,000 \times 15\% =$	\$600
and	
▪ \$100 per day calculated on each night of accommodation purchased	
$3 \text{ nights} \times 100 =$	\$300
PST payable on the lesser of the above	
$\$300 \times 8\% =$	\$24
MRDT payable on the lesser of the above	
(assumes MRDT applies and is 2%) $\$300 \times 2\% =$	\$6

Please note: if the taxable value of the accommodation is less than \$30 per day, as calculated above, the accommodation is exempt from PST and MRDT. This is because accommodation sold for \$30 or less per day is exempt.

Packages that Include Transportation

If you sell accommodation for an all-inclusive price that includes meals and specialized services, and the price also includes transportation of guests to and from the resort by a commercial carrier (bus, aircraft, vessel) or charter service, you deduct the cost for supplying the transportation from the all-inclusive price of the package before calculating the taxable value of the accommodation, as outlined in the following example.

Example 4

Cost of three-night, four-day saltwater fishing package, including round-trip flights \$1,800

Cost for the flights (\$200)

Taxable value of accommodation is the lesser of:

▪ 15% of purchase price
($\$1,800 - \200) x 15% = \$240

and

▪ \$100 per day calculated on each night of accommodation purchased
3 nights x 100 = \$300

PST payable on the lesser of the above
 $\$240 \times 8\% =$ \$19.20

MRDT payable on the lesser of the above
(assumes MRDT applies and is 2%) $\$240 \times 2\% =$ \$4.80

Only the transportation costs relating to the arrival and departure of the guest may be deducted from the package price. You cannot deduct the cost of any transportation you supply during the guest's stay at the establishment, such as transportation to fishing or hunting sites, even if a commercial carrier is used.

Packages that Include Taxable and Exempt Accommodation

Accommodation is exempt from PST and MRDT when provided in tents, or provided without any of the following amenities: bed linen, electricity, indoor plumbing, or heat (e.g. in rustic cabins).

When a package includes both taxable accommodation (e.g. at a base camp) and exempt accommodation (e.g. in cabins without amenities at a satellite camp), tax applies only to the taxable accommodation, as outlined in the following example.

Example 5

Cost of five-night, six-day moose hunting package \$1,800

Per night rate ($\$1,800 \div 5$) \$360

Taxable value of accommodation provided in cabins with amenities for the first and last night is the lesser of:

▪ 15% of purchase price ($\$360 \times 2$ nights x 15%) = \$108

and

▪ \$100 per day calculated on each night of taxable accommodation provided (2 nights x \$100) = \$200

PST payable on the lesser of the above ($\$108 \times 8\%$) = \$8.64

MRDT payable on the lesser of the above
(assumes MRDT applies and is 2%) $\$108 \times 2\% =$ \$2.16

Sales of PST Taxable Goods

Effective April 1, 2013, accommodation providers who sell taxable goods are also required to charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. 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](#).

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

You do not charge PST on charges for telecommunication services, such as Internet access, long distance telephone service or in-room movies that you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider.

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).

Residential Energy Products

Effective April 1, 2013, 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*
- kerosene
- 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 when 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](#), *Fuel, Energy and Energy Conservation Equipment*.

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
- Burnaby, City of
- Chilliwack, City of
- Central Kootenay, Regional District of – applies 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, and
 - 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 Area
- 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

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

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

For up to date information on the return to PST, subscribe to our What's New page at www.sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm

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