



## Foreign Convention and Tour Incentive Program – Rebate for Eligible Tour Packages and Accommodation Supplied as Part of Eligible Tour Packages

**Note:** This memorandum of Chapter 27 supersedes GST/HST Memorandum 27.3, *Accommodation Rebates for Unregistered Non-Resident Suppliers*, dated June 2003.

This memorandum explains the eligibility requirements that:

- non-resident persons (other than tour operators) have to meet to claim a rebate of the GST/HST paid in respect of supplies of eligible tour packages; and
- non-resident non-registered tour operators have to meet to claim a rebate of the GST/HST paid in respect of supplies of eligible tour packages and in respect of short-term and/or camping accommodation purchased and then supplied as part of an eligible tour package.

It also explains the meaning of eligible tour package and outlines the documentary evidence that non-residents and registrant suppliers have to provide or retain with respect to the rebate. Furthermore, it provides details on how registrant suppliers can pay to, or credit in favour of, non-residents an amount on account of a rebate.

### Disclaimer

The information in this memorandum does not replace the law found in the *Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

If you are located in Quebec and wish to make a technical enquiry on the GST or obtain a ruling, please call Revenu Québec at 1-800-567-4692. For general information, please visit their Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

### Note – HST

Reference in this publication is made to supplies taxable at 5% (the rate of the GST) or 13% (the rate of the HST). The HST applies to supplies made in Nova Scotia, New Brunswick, and Newfoundland and Labrador (the “participating provinces”). If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-078, *Place of Supply Rules Under the HST*.

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La version française de la présente publication est intitulée *Programme d'incitation pour congrès étrangers et voyages organisés – Remboursement de la taxe payée sur les voyages organisés admissibles et sur l'hébergement fourni dans le cadre d'un voyage organisé admissible*.



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## General

- Canelling the VRP**
1. Effective April 1, 2007, the Visitor Rebate Program (VRP) was cancelled. This program provided tax relief to non-resident persons on their acquisitions of short-term and/or camping accommodation and tour packages. Although this program was cancelled, non-resident persons may still be entitled to a VRP rebate under the transitional rules. For more information on the VRP, see Appendix E.
- Implementing the FCTIP**
2. Effective April 1, 2007, the VRP was replaced by the Foreign Convention and Tour Incentive Program (FCTIP). Although some differences exist between the two programs, in some respects the FCTIP is a continuation of the VRP. Under the FCTIP, non-resident persons are still entitled to claim a rebate in respect of the GST/HST paid on certain tour packages. In addition, under certain circumstances, non-resident non-registered tour operators are still entitled to claim a rebate in respect of the GST/HST paid on short-term and/or camping accommodation. Some eligibility requirements under FCTIP are different from those under the VRP. For more information on the eligibility requirements for claiming a rebate under the FCTIP, see paragraphs 40 to 45.
  3. Registrant suppliers can no longer pay to, or credit in favour of, a non-resident non-registered tour operator an amount on account of a rebate in respect of acquisitions of short-term and/or camping accommodation. As well, effective April 1, 2007, registrant suppliers that pay or credit an amount on account of a rebate in respect of supplies of eligible tour packages are required to file a new information schedule. For more information on this new provision, see paragraph 80.
- Rebates available under the FCTIP s 252.1**
4. Under the FCTIP, non-resident consumers and non-resident non-registered businesses, organizations and tour operators may be entitled to claim a rebate in respect of the GST/HST paid on their acquisitions of eligible tour packages. In addition, non-resident non-registered tour operators may also be entitled to claim a rebate in respect of the GST/HST paid on their acquisitions of short-term and/or camping accommodation acquired and then supplied as part of an eligible tour package. For information on the meaning of “eligible tour package”, see paragraph 31.

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## Meanings of significant terms used in this publication

Meaning of amenity	<p>5. “Amenity” is not defined in the Act. An amenity is an item that usually serves only to enhance an element and would generally not be supplied alone. Amenities are inputs or are part of another element. For example, housekeeping services at a hotel would not be an element supplied separately, but rather part of the accommodation. This is important when determining the nature of a supply, or in the case of a supply of a tour package, whether an item is an amenity or an element that could be supplied separately from the package.</p> <p>6. To determine whether an item is an amenity, the CRA usually considers the item’s role in the tour package. If an item plays a minor or subordinate role, or if no part of the consideration can reasonably be attributed to it, it is likely an amenity. Some examples include:</p> <ul style="list-style-type: none"><li>• housekeeping at a hotel;</li><li>• baggage handling;</li><li>• parking in a parking lot;</li><li>• access to a hotel facility;</li><li>• complimentary transfers or shuttles to and from the accommodation and an airport, or shuttles to and from a nearby casino.</li></ul>
Meaning of camping accommodation ss 252.1(1)	<p>7. “Camping accommodation” means a campsite at a recreational trailer park or campground that is supplied by way of lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, if the period throughout which the individual is given continuous occupancy of the campsite is less than one month. It includes water, electricity and waste disposal services, or the right to their use, if they are accessed by means of an outlet or hook-up at the campsite and are supplied with the campsite.</p>
Exclusion – campsite in short-term accommodation	<p>8. “Camping accommodation” does not include a campsite included in the definition of short-term accommodation in subsection 123(1).</p>
Exclusion – campsite in non-taxable portion of a tour package ss 163(2) and (3)	<p>9. “Camping accommodation” excludes a campsite included in the part of a tour package that is not the taxable portion of a tour package as defined in subsection 163(3) (the non-taxable portion). The non-taxable portion of a tour package means all property and services included in the tour package in respect of which tax under Division II would not be payable if the property or service were supplied otherwise than as part of a tour package. A campsite located outside Canada is an example of a campsite included in the part of a tour package that is not the taxable portion of the package. For information on portions of a tour package, see GST/HST Memorandum 27.1, <i>Calculating the GST/HST on Tour Packages</i>.</p>
Meaning of consumer ss 123(1)	<p>10. “Consumer” of property or a service means a particular individual who acquires or imports the property or service for the particular individual’s personal consumption, use or enjoyment or the personal consumption, use or enjoyment of any other individual at the particular individual’s expense. “Consumer” does not include an individual who acquires or imports the property or service for consumption, use or supply in the course of commercial activities of the individual or other activities in the course of which the individual makes exempt supplies.</p>

Meaning of non-resident ss 123(1)	11. “Non-resident” means not resident in Canada. A non-resident person could be an individual, a business or an organization.
Meaning of property ss 123(1)	<p>12. “Property” means any property, whether real or personal, movable or immovable, tangible or intangible, corporeal or incorporeal, and includes a right or interest of any kind, a share and a chose in action, but does not include money. Examples of property include:</p> <ul style="list-style-type: none"> <li>• short-term and camping accommodation;</li> <li>• meals;</li> <li>• a right to enter or attend an event (e.g., tickets to a show or hockey game);</li> <li>• car rentals;</li> <li>• ski rentals;</li> <li>• a right to use real property as evidenced by ski lift tickets or park passes;</li> <li>• a right to use a golf course.</li> </ul>
Meaning of service ss 123(1)	<p>13. “Service” means anything other than property, money, and anything that is supplied to an employer by a person who is, or agrees to become, an employee of the employer in the course of, or in relation to, the office or employment of that person. Examples of services include:</p> <ul style="list-style-type: none"> <li>• the services of a guide or interpreter;</li> <li>• transportation services (e.g., bus tours and air transportation);</li> <li>• sightseeing excursions;</li> <li>• ski lessons.</li> </ul>
Meaning of short-term accommodation ss 123(1)	14. “Short-term accommodation” means a residential complex or a residential unit that is supplied to a recipient by way of lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging where the period throughout which the individual is given continuous occupancy of the complex or unit is less than one month. Overnight or week-long accommodation in hotels and motels would usually be considered short-term accommodation.
Overnight shelter	15. For purposes of sections 252.1 and 252.2, short-term accommodation includes any type of overnight shelter (other than shelter on a train, trailer, boat or structure that has means of, or is capable of being readily adapted for, self-propulsion) when supplied as part of a tour package (within the meaning assigned by subsection 163(3)) that also includes food and the services of a guide.
Example	A wilderness package in Canada that is supplied for an all-inclusive price consists of round-trip air transportation, accommodation in tents, food, fishing equipment, and the services of a guide. This package includes short-term accommodation. The overnight shelter in a tent is short-term accommodation because it is provided as part of a tour package that also includes food and the services of a guide.
Exclusion	<p>16. Short-term accommodation does not include</p> <ul style="list-style-type: none"> <li>• a complex or unit when it is supplied to the recipient under a timeshare arrangement; or</li> <li>• a complex or unit when it is included in the non-taxable portion of a tour package within the meaning assigned to those expressions by subsection 163(3).</li> </ul>

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Consideration Sch. V, Part 1, para 6(b)	17. The consideration for a supply of accommodation should exceed \$20 for each day of occupancy. If the consideration does not exceed \$20 for each day of occupancy, the supply is exempt and is not considered short-term accommodation because it would be included in the non-taxable portion of a tour package.
Meaning of tour operator	18. “Tour operator” is not defined in the Act. For purposes of the FCTIP, tour operator generally means a person that, in the ordinary course of its business, packages or supplies tours that are ultimately supplied to, or are for the use of, either a group of travellers or an individual traveller. Outfitters or owners of a lodge, hotel or motel may be tour operators if they package tours for supply in the ordinary course of their business. Travel agencies may be considered tour operators if they package and supply tours on their own account. “Tour operator” does not include travel agencies acting on behalf of a tour operator or a supplier of a tour package that includes a convention facility or related convention supplies.
Meaning of tour package ss 163(3) and 252.1(1)	19. “Tour package” means a combination of two or more services, or of property and services, that includes transportation services, accommodation, a right to use a campground or trailer park, or guide or interpreter services, where the property and services are supplied together for an all-inclusive price. For purposes of the FCTIP, it does not include a tour package that includes a convention facility or related convention supplies.

**Determining the nature of a supply**

20. As in any transaction, it is important to determine the nature of the supply in order to determine how the GST/HST applies to the particular transaction. For example, when a person combines two or more services, or property and services together, the person must determine whether it is making a single supply or multiple supplies. The determination of whether a transaction consists of a single supply or multiple supplies is a determination of fact. GST/HST Policy Statement P-077R2, *Single and Multiple Supplies*, provides guidelines to help make that determination.

21. If it is determined that what is being supplied is a single supply, the next step is to determine if the supply is a supply of a tour package.

Single supply	22. Generally, a tour package is what is produced when a tour operator combines various elements to create something new. A tour package is a single supply for GST/HST purposes.
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Characterizing a supply	23. All combinations of two or more services, or of property and services are not necessarily tour packages. A supplier should not assume that every combination that includes elements such as transportation services or accommodation is a tour package for GST/HST purposes.
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24. The nature and purpose of the package being supplied has to be considered in order to determine whether it is a tour package or something else. For example, if the overall purpose of a package is to provide a specialized service, it is not considered a tour package for GST/HST purposes. Examples of such packages include wellness packages, educational and counselling packages, children’s overnight camps, sport tournaments, and concert tours.

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Wellness packages	<p>25. Wellness packages (e.g., spa and yoga packages) have, as their focus, services or treatments to be rendered by persons having specialized skills or expertise. Their purpose is to promote wellness by providing services or treatments such as massages, spa treatments, yoga classes, or relaxation therapy. These packages may also include accommodation and access to resort facilities and services.</p> <p>26. Wellness packages are not tour packages for GST/HST purposes. The extra elements such as accommodation and meals are simply furnished as a component of the overall wellness treatments.</p>
Example	<p>A stay at a wellness spa retreat in Canada that is supplied for an all-inclusive price consists of wellness treatments, spa treatments, healthy meals and snacks, yoga classes, access to the gym and saunas, and accommodation at the retreat. This package is not a tour package for GST/HST purposes. Items such as meals, yoga classes, access to the gym and saunas, and accommodation are part of the wellness treatment.</p>
Educational and counselling packages	<p>27. Educational packages (e.g., immersion camps and training seminars) and packages offering counselling services (e.g., marriage encounter and rehabilitation programs) have, as their focus, services to be supplied by professionals. The packages may also include meals, educational or reference materials, and accommodation.</p> <p>28. An educational or counselling package is not a tour package for GST/HST purposes. It is a single supply of professional services. The other elements of the package are furnished as a component of the overall professional service.</p>
Examples	<p>1) A business in Canada supplies an all-inclusive package to international students, which consists of instruction in English as a second language, books, instructional materials, accommodation, three meals per day, and recreational activities. The package is not a tour package for GST/HST purposes. This is a service of instructing individuals in English as a second language. The other items are part of the service of language instruction.</p> <p>2) A rehabilitation centre offers weekend clinics that consist of counselling services, books, videos, meals, and accommodation for an all-inclusive price. The package is not a tour package for GST/HST purposes. The centre is offering counselling services. The other elements are part of the counselling service.</p>
Children's overnight camps	<p>29. Some commercial businesses and public sector bodies operate children's overnight camps involving supervision or instruction in recreational or athletic activities. Typically, the overnight camps are offered for an all-inclusive price. These overnight camps are not tour packages for GST/HST purposes.</p>
Example	<p>A stay at a children's overnight camp is supplied for an all-inclusive price. The camp's fee covers supervised camp activities, meals, laundry, field trips, a camp T-shirt and supervised accommodation at the camp. The overnight camp is not a tour package for GST/HST purposes. The supervised accommodation is part of the supervised activities.</p>
Sport tournaments and concert tours	<p>30. Sport tournaments and concert tours are usually group packages designed to enable individuals to participate in a sport competition, concert, or similar events. The purpose of these packages is to provide a service of arranging for the event. As a result, these packages are not tour packages for GST/HST purposes.</p>

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Example

A softball league association organizes a tournament to which non-resident athletes are invited. For an all-inclusive price, the association provides entry into the tournament, the venue, all officials, medals, a closing banquet, and an awards ceremony. It also arranges for transportation and accommodation for the participants. The tournament is not a tour package for GST/HST purposes. The association is providing a service to the non-residents of arranging their participation in a tournament. The other items are part of the service of arranging the participation in a tournament.

### Meaning of eligible tour package

ss 252.1

31. An eligible tour package is not a defined term under the Act. For a tour package to be eligible for a GST/HST rebate under the FCTIP, it must include short-term and/or camping accommodation in Canada. Given that short-term and/or camping accommodation in Canada is property and that a tour package, for GST/HST purposes, cannot consist solely of property, the package must also include a service to be an eligible tour package under the FCTIP. In short, an eligible tour package is a tour package that includes:

- short-term and/or camping accommodation in Canada; and
- at least one service.

In addition, the package must be supplied for an all-inclusive price and cannot include a convention facility or related convention supplies.

Property, service or amenity

32. To determine whether a tour package that includes short-term and/or camping accommodation in Canada also includes at least one service, it is necessary to determine what each element of the package would be (i.e., property or a service) if it were supplied separately and not as part of a package. As part of this determination, it is important to distinguish between those elements that would be supplied separately and those elements that are inputs or part of another element (e.g., an amenity).

33. Listed below are examples of elements that are either property or services. If a package that may be a tour package includes short-term and/or camping accommodation in Canada and at least one service, and is supplied for an all-inclusive price, it is considered a tour package and an eligible tour package for GST/HST purposes. To simplify the examples listed below, assume that the described packages are supplied for an all-inclusive price and that the accommodation is short-term or camping accommodation in Canada. (For the meaning of all-inclusive price, see paragraph 35.)

Examples – tour package that includes at least one service

- 1) A package consists of accommodation, a guided sightseeing tour of the city, and meals. This package includes a service: the guided sightseeing tour.
- 2) A package consists of accommodation, tickets to a show, and a guided tour of local wineries. This package includes a service: the guided tour of local wineries.
- 3) A package consists of accommodation, transportation by minibus to and from a museum in a neighbouring city, and attendance at a festival. This package includes a service: the bus transportation.
- 4) A package consists of accommodation, round-trip air transportation, guided sightseeing tours, and meals. This package includes two services. The air transportation and the guided sightseeing tours are both services.
- 5) A package consists of accommodation, ski lift tickets, ski equipment rentals, and recreational ski lessons. This package includes a service: the ski lessons.

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Examples – tour package that does not include at least one service	<p>6) A non-resident person will attend a convention in Canada. The sponsor of the convention has booked a block of rooms at a hotel at a convention rate. The non-resident person decides not to reserve one of these rooms. Instead, the non-resident purchased a tour package from a tour operator. The tour package consists of round-trip air transportation and accommodation. The tour package includes a service: the air transportation</p> <p>1) A package consists of accommodation, meals, and theatre tickets. This package does not include a service. The meals and theatre tickets are both property.</p> <p>2) A package consists of accommodation and meals. In addition, the tour operator’s representative is available in the hotel lobby each morning to sell optional guided tours to tourist attractions. This package does not include a service. The meals are property. The representative’s presence in the hotel lobby is not a service.</p> <p>The representative is making separate supplies of optional guided tours and the representative’s presence in the lobby merely facilitates the making of these supplies.</p> <p>3) A stay at an all-inclusive resort in Canada consists of accommodation at the resort, meals, access to a spa service at the resort spa, access to a supervised parking lot, and access to the hotel swimming pool and tennis court. This package does not include a service. In the case of an all-inclusive resort, items such as meals and access to the spa service at the resort spa, to the swimming pool, tennis court, and parking lot are amenities that are part of the accommodation.</p> <p>4) A package consists of accommodation, meals, and admission to a golf course. This package does not include a service. The meals and the admission to the golf course are both property.</p> <p>5) A package consists of accommodation in three different cities and a car rental. This package does not include a service. The car rental is property.</p> <p>6) A package consists of accommodation, ski lift tickets, and ski equipment rentals. This package does not include a service. The ski lift tickets and ski equipment rentals are both property.</p> <p>7) A package consists of accommodation, meals, and admission to a heritage site. This package does not include a service. The meals and the admission to a heritage site are both property.</p> <p>8) A package consists of accommodation at a hotel and a shuttle to and from a nearby casino. There is no charge for the shuttle. This package does not include a service. This is accommodation only as the shuttle is an amenity included in the accommodation.</p>
All-inclusive price	<p>34. Even if a package contains short-term and/or camping accommodation in Canada and at least one service, it must be supplied for an all-inclusive price to be an eligible tour package.</p>
Meaning of all-inclusive price	<p>35. Generally, “all-inclusive price” means a single price for all property and services supplied together in a package. In the tourism industry, prices for certain items are sometimes listed separately on the invoice for information purposes. Even where this is the case, in some circumstances, the package may still be considered to be supplied for an all-inclusive price. For example, the price of accommodation included in a tour package may be listed separately on an invoice to inform the purchaser of the amount on which the applicable provincial sales tax is calculated. This package is supplied for an all-inclusive price because the price of accommodation is listed separately only for information purposes.</p> <p>36. A package is not supplied for an all-inclusive price when the prices of the elements are listed separately on the invoice because some or all of the elements are supplied separately or supplied on behalf of other persons.</p>

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Examples	<p>1) A tour operator supplied a package that consisted of short-term accommodation, meals and the service of a guide for an all-inclusive price. The operator listed the price of the accommodation separately on the invoice to inform the purchaser of the amount on which the provincial sales tax was calculated. This package is supplied for an all-inclusive price. The price for the accommodation is listed on the invoice for information purposes only.</p> <p>2) A tour operator supplies short-term accommodation, meals and a guided tour of the city for one price. The traveller has the option of purchasing tickets for two plays for an additional price. If purchased, the tickets are added to the invoice as a separate purchase. The tickets purchased separately are not part of the package. The other elements are part of a package supplied for an all-inclusive price.</p>
F.I.T. tours and customized tour packages	<p>37. Fully Independent Travel (F.I.T.) tours and customized tour packages are eligible tour packages if they are supplied for an all-inclusive price and they include short-term and/or camping accommodation in Canada, and at least one service. For example, a F.I.T. tour that includes hotel accommodation in Canada and a flight supplied together for an all-inclusive price by a single person is an eligible tour package. However, a F.I.T. tour that includes hotel accommodation in Canada and a flight supplied separately is not an eligible tour package because these are two separate supplies (even if the accommodation and the flight are listed on the same invoice). In addition, a F.I.T. tour that contains hotel accommodation in Canada and a flight supplied to the traveller by separate persons or by an agent acting on behalf of separate persons is not an eligible tour package. For more information on agents, see GST/HST Policy Statement P-182R, <i>Agency</i>.</p>
Example – customized eligible tour package	<p>A tour operator puts together customized tours. He offers, as options, short-term accommodation in Canada, meals, transportation, and tickets to various attractions and plays. Customers build their own packages by choosing one item from each option. The tour operator's invoice shows that the elements are combined together and supplied for an all-inclusive price. This package is an eligible tour package. It includes short-term accommodation in Canada and at least one service: the transportation service. The property and services are combined together and supplied for an all-inclusive price.</p>
Example – F.I.T. tour not an eligible tour package	<p>A non-resident asks a F.I.T. agent to put together a customized package according to the non-resident's choice of destination, mode of transportation, type of accommodation, and sites to visit. Each item is supplied by different suppliers through the agent. The invoice shows one price for all the items. This package is not a tour package. Although the invoice shows an all-inclusive price, the items are supplied separately through the agent.</p>
Changing or altering a tour package	<p>38. If a customer asks that an advertised tour package from a supplier be altered to add or change some of the elements in that package, the new package would be an eligible tour package as long as the altered tour package still meets the requirements of an eligible tour package.</p>
Example	<p>A tour operator supplies an advertised package for an all-inclusive price. The package consists of hotel accommodation in Canada and round-trip air transportation. A customer asks the tour operator to alter the all-inclusive package so that it also includes theatre tickets and a car rental. The altered tour package is an eligible tour package because it is a single supply and it includes short-term accommodation in Canada and a service (air transportation service) for an all-inclusive price.</p>
Package that includes convention facility and related convention supplies ss 252.1(1)	<p>39. Packages that include a convention facility or related convention supplies are not eligible tour packages. Sponsors of foreign conventions, non-registered convention organizers, and non-resident non-registered exhibitors may be eligible for other rebates. Information on convention rebates can be found in GST/HST Memorandum 27.2, <i>Conventions</i>.</p>



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### **Other requirements for claiming a rebate**

- s 252.2
44. Non-residents who claim a rebate must also meet the conditions listed below:
- the application for the rebate is filed with the CRA within one year after the last day any GST/HST to which the rebate relates became payable;
  - at the time the application is filed, the person is a non-resident; and
  - the total of all amounts, each of which is consideration for a taxable supply (other than a zero-rated supply) in respect of which the rebate application is made, is at least CAN\$200 (i.e. the non-resident paid a minimum of either \$10 GST or \$26 HST on the supplies of accommodation or eligible tour packages, as the case may be).
- Paying the GST and the HST
45. If a non-resident paid both the GST and the HST on eligible tour packages and the amounts of tax paid were less than the minimum \$10 and \$26 respectively, the non-resident must contact the supplier to get the necessary documentation to show that the parts of the tour package that were subject to tax at the GST rate and the HST rate were supplied for a total consideration of at least \$200.

### **Calculating the rebate**

- Rebate for accommodation ss 252.1(3)
46. Non-resident non-registered tour operators that acquire short-term and/or camping accommodation that they supply as part of an eligible tour package can claim a rebate equal to the GST/HST paid in respect of the accommodation.
- Example
- A non-resident non-registered tour operator acquired a block of rooms from a hotel in a participating province and paid \$390 HST. The tour operator supplied the accommodation as part of eligible tour packages to non-residents and met all the other rebate eligibility requirements. The tour operator can claim a rebate equal to \$390 (HST paid in respect of the short-term accommodation).
- Rebate for eligible tour packages
47. With respect to eligible tour packages, there are two methods that can be used to calculate the rebate amount: the general calculation method and the quick calculation method.

### **General calculation method**

48. The general calculation method to determine the rebate amount for an eligible tour package is used by
- non-resident non-registered tour operators,
  - non-resident persons that are not tour operators if they elect not to use the quick calculation method, and
  - registrant suppliers that pay to, or credit in favour of, a non-resident an amount on account of a rebate.
- Para 252.1(5)(b)
49. When using the general calculation method, the rebate amount is generally equal to 50% of the GST/HST paid on the supply of the eligible tour package. The rebate amount is determined by the formula:

$$C/D \times E/2$$

where

C is the total number of nights for which short-term or camping accommodation included in the package is made available in Canada under an agreement for the supply of the package;

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D is the number of nights the non-resident individual to whom the accommodation is made available spends in Canada during the period beginning on the earliest of

- the first day on which overnight lodging included in the tour package is made available to the individual,
- the first day on which camping accommodation included in the tour package is made available to the individual, and
- the first day any overnight transportation service included in the tour package is rendered to the individual,

and ending on the latest of

- the last day on which overnight lodging is made available to the individual,
- the last day on which camping accommodation is made available to the individual, and
- the last day any such transportation service is rendered to the individual, and

E is the tax paid by the non-resident in respect of the supply of the tour package.

**Example**

A non-resident non-registered tour operator acquires an eligible tour package from a Canadian registrant and pays \$1,000 plus \$50 GST. The package includes three nights' accommodation in a hotel in Canada and one night's accommodation on a train in Canada and is supplied to a non-resident individual. To determine the rebate amount that the non-resident tour operator is eligible to receive, the tour operator uses the formula  $C/D \times E/2$

where

C = 3 (the total number of nights for which short-term accommodation included in the tour package is made available in Canada)

D = 4 (the number of nights the non-resident individual to whom the accommodation is made available spends in Canada as part of the tour package, including overnight shelter on the train)

E = \$50 (the GST paid by the tour operator in respect of the supply of the eligible tour package)

The rebate amount is calculated as follows:

$$3/4 \times \$50/2 = \$18.75$$

**Quick calculation method**

50. Only non-residents that are not tour operators can choose to use the quick calculation method to calculate the rebate amount for an eligible tour package.

**Para 252.1(5)(a)**

51. The rebate amount using the quick calculation method is determined by the formula:

$$(A \times \$5) + (B \times \$1)$$

where

A is the total number of nights for which short-term accommodation included in the tour package is made available in Canada under the agreement for the supply, and

B is the total number of nights for which camping accommodation included in the tour package is made available in Canada under the agreement for the supply.

Example

A non-resident consumer purchases an eligible tour package from a Canadian tour operator and pays the 5% GST. The package includes two nights' accommodation in a hotel and three nights' accommodation at a campground. To determine the rebate amount that the non-resident consumer is eligible to receive, the non-resident consumer uses the formula  $(A \times \$5) + (B \times \$1)$

where

A = 2 (the total number of nights for which short-term accommodation included in the tour package is made available in Canada)

B = 3 (the total number of nights for which the camping accommodation included in the tour package is made available in Canada)

The rebate amount is calculated as follows:

\$5 × 2 nights of short-term accommodation	\$10
\$1 × 3 nights of camping accommodation	<u>+ 3</u>
Total rebate is	\$13

Overnight shelter as part of a tour package

52. Overnight shelter (other than shelter on a train, trailer, boat, or structure that has means of, or is capable of being readily adapted for, self-propulsion) when supplied as part of a tour package that also includes food and the services of a guide is considered short-term accommodation. Therefore, when using the quick calculation method, the rebate amount calculation is based on \$5 per night of eligible overnight shelter.

Restriction ss 252.2(g)

53. The total of all rebates for which an application is made, which are in respect of short-term or camping accommodation included in eligible tour packages and which are determined by using the quick calculation method, cannot exceed:

- \$75 where the claimant is a consumer of the tour packages; and
- in any other case, \$75 for each individual to whom the accommodation is made available.

Multiple supplies for the same nights ss 252.1(7)

54. When a non-resident consumer acquires more than one eligible tour package from the same registrant and the tour packages include short-term and/or camping accommodation on the same nights, a rebate can be claimed for only one of the tour packages if the non-resident consumer uses the quick calculation method. If the general calculation method is used, a rebate can be claimed for all supplies of eligible tour packages.

Example

A non-resident consumer travelling in Nova Scotia with his family buys four eligible tour packages for \$2,000 each for a total of \$8,000. He pays \$260 HST on each package for a total of \$1,040 HST. The four tour packages are identical and include seven nights of short-term accommodation in a hotel in Canada.

If the non-resident consumer uses the quick calculation method of \$5 per night of short-term accommodation, he can claim a rebate for only one of the tour packages. In this case, the rebate amount would be \$35.

$$\$5 \times 7 \text{ nights of short-term accommodation in Canada}$$

If the non-resident consumer uses the general calculation method, he can claim a rebate equal to 50% of the HST paid on all four tour packages. In this case, the rebate amount would be \$520.

$$\$1,040 \times 50\% = \$520$$

Option to use either method

55. Non-residents that are not tour operators can use either the general calculation method or the quick calculation method to determine their rebate amounts. The result of each calculation may be different and the non-resident may claim a rebate using the method that gives the higher rebate amount.

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56. Non-residents must use the same calculation method for all supplies of eligible tour packages included in the same rebate application. If they file separate rebate applications for different tour packages, they can then choose different calculation methods for each application.

Example

A non-resident consumer buys an eligible tour package from a Canadian tour operator for \$2,000 plus \$100 GST. The tour package includes three nights' accommodation in a hotel in Canada and two nights' accommodation on a train.

Using the general calculation method, the rebate amount is calculated using the formula  $C/D \times E/2$ , where:

C = 3 (the total number of nights for which short-term accommodation included in the tour package is made available in Canada)

D = 5 (the number of nights the non-resident to whom the accommodation is made available spends in Canada as part of the tour package, including overnight shelter on the train)

E = \$100 (the GST paid on the supply of the eligible tour package)

$$3/5 \times \$100/2 = \$30$$

The rebate amount using the general calculation method is \$30.

Using the quick calculation method, the rebate amount is calculated using the formula  $(A \times \$5) + (B \times \$1)$ .

where

A = 3 (the total number of nights for which short-term accommodation included in the tour package is made available in Canada)

B = 0 (the total number of nights for which camping accommodation included in the tour package is made available in Canada)

The rebate amount using the quick calculation method is \$15.

The non-resident consumer can claim the rebate using the higher amount of \$30.

### Applying for the rebate

Short-term and /or camping accommodation

57. Non-resident non-registered tour operators may apply for a rebate of the GST/HST paid in respect of short-term and/or camping accommodation supplied as part of eligible tour packages by filing Form GST115, *GST/HST Refund Application for Tour Packages*, with the CRA.

Eligible tour packages

58. Non-residents may obtain a rebate of the GST/HST paid in respect of eligible tour packages by:

- filing Form GST115 with the CRA; or
- being paid or credited an amount on account of the rebate by the registrant supplier of the eligible tour package, provided certain conditions are met (see paragraphs 69 to 79 for more information).

### Required documentation

ss 286(1)

59. When a non-resident files a rebate application with the CRA, the following supporting documents must be provided with the application:

- original invoices or receipts from the registrant supplier showing the amount of the GST/HST paid; and
- itineraries or other documents providing detailed descriptions of the tour packages (group or individual).

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These documents must be in either English or French, or a translation provided.

60. The supporting documents must indicate that the non-resident paid the GST/HST on the supply of the short-term or camping accommodation, or the eligible tour package, as the case may be. For example, an invoice that shows only the tax payable (not paid) is not sufficient.

61. The supporting documents must demonstrate that the packages are tour packages supplied to non-residents or by a tour operator, as the case may be, for an all-inclusive price, and that the packages included short-term and/or camping accommodation in Canada and at least one service (i.e., they are eligible tour packages). In addition, the documents must specify the number of nights of short-term and/or camping accommodation in Canada included in the packages.

Other acceptable supporting documents

62. For non-resident non-registered tour operators, the CRA may accept other types of documents if such documents confirm that the tour operator is entitled to claim a rebate. The information showing that the tour operator has met the eligibility requirements does not have to be on separate documents. One or two documents may contain all the required information. In addition, electronic documents capable of being reproduced on paper are acceptable.

63. The CRA will also accept documentation prepared by non-resident non-registered tour operators (i.e., reverse invoicing), provided the documentation includes the information that would be found on the original invoices or receipts prepared by the registrant supplier. This information must include:

- the supplier's name, address, telephone number and Business Number;
- the recipient's name, address and telephone number;
- details concerning the supply such as a description of the accommodation, the number of nights and consideration;
- the GST/HST charged; and
- proof that the amount was paid (e.g., copy of cancelled cheque or wire payment confirmation number).

Rebate denied

64. The CRA will deny any rebate if a non-resident does not provide the required supporting documents with the rebate application, or if the documents do not contain sufficient information to prove eligibility for a rebate.

Additional documents

65. Non-resident non-registered tour operators must maintain the following documents as part of their records and make them available to the CRA on request:

- a list of the names and addresses of the non-resident individuals who purchased eligible tour packages;
- the names of the agents through whom they made the supplies (if applicable);
- copies of the invoices issued to their non-resident clients; and
- a list of the names and addresses of the non-resident individuals who stayed in the accommodation.

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Maintaining books and records  
ss 286(1)

66. Non-resident non-registered tour operators that apply for a rebate are required to maintain adequate books and records in English or French in Canada, or at such other place and on such terms and conditions as specified in writing by the CRA, to enable the determination of the amount of any rebate to which they are entitled.

Electronic documents

67. Books and records as well as source documents that originate in paper format must be retained in such format except where an acceptable imaging or microfilming program is in place. However, the paper source documents must have been imaged in accordance with the latest national standard of Canada. Detailed information on books and records is available in GST/HST Memoranda 15.1, *General Requirements for Books and Records*, and 15.2, *Computerized Records*.

Third parties filing rebate applications

68. Although it is not part of Part IX of the Act, a tour operator could enter into an agreement with a third party to have that third party file a rebate application with the CRA on its behalf. If a tour operator does enter into such an arrangement, it does not change the documents that the tour operator or the third party must include with the rebate application and keep as part of its records. In addition, documentary evidence that the non-resident has authorized the third party to file the rebate application on behalf of the tour operator, such as a power of attorney, must be provided to the CRA. Filing a rebate application on behalf of a non-resident tour operator is not the same as paying or crediting an amount on account of a rebate. More information on third parties filing rebate applications on behalf of tour operators can be found in Appendix D.

### **Paying or crediting an amount on account of a rebate for a tour package**

Rebate amount paid or credited by a registrant  
ss 252.1(8)

69. A registrant supplier that supplies an eligible tour package may pay to, or credit in favour of, a non-resident an amount on account of a rebate to which the non-resident would be entitled in respect of the accommodation if:

- the non-resident had paid the GST/HST in respect of the supply; and
- the non-resident had satisfied the conditions of section 252.2 (see paragraph 44).

70. When a registrant supplier pays to, or credits in favour of, a non-resident that is not a tour operator an amount on account of a rebate, one of the following conditions must be met:

- payment of the consideration for the supply is made at a place outside Canada at which the registrant supplier, or its agent, is conducting business; or
- a deposit of at least 20% of the total consideration for the tour package is paid by the non-resident to the registrant supplier at least 14 days before the first day on which any short-term or camping accommodation included in the package is made available under the agreement for the supply of the tour package.

Deposit  
clause 252.1(8)(d)(ii)(B)

71. The deposit must be paid by credit or charge card, cheque, bank draft, or other bill of exchange, drawn on an account outside Canada with a non-resident institution that is a bank, cooperative credit society, trust company or similar institution. A deposit paid by debit card drawn on an account outside Canada with any of these non-resident institutions is also acceptable.

Deposit by credit or charge card  
ss 252.1(9)

72. When the payment of the deposit is made by the crediting of the registrant supplier's account by the issuer of a credit or charge card of the recipient, the deposit is deemed to have been made when the account is credited.



Amount that can be paid or credited para 252.1(8)(c) 73. The amount on account of a rebate that can be paid or credited by a registrant supplier is equal to the amount the non-resident would have been entitled to receive if the non-resident had paid the GST/HST in respect of the supply and filed a rebate application with the CRA.

General calculation method 74. When a registrant supplier pays or credits an amount on account of a rebate, the supplier must use the general calculation method to determine the rebate amount.

No rebate ss 252.1(8) 75. If a registrant supplier pays to, or credits in favour of, a non-resident an amount on account of a rebate, then the non-resident cannot claim any rebate, refund or remission of the GST/HST for the same amount, or any part of it, in respect of the accommodation.

Documentary evidence ss 286(1) 76. When a registrant supplier pays or credits an amount on account of a rebate, the supplier must maintain documentary evidence that the non-resident would be entitled to the rebate if the non-resident had paid the GST/HST and filed a rebate application with the CRA.

Satisfactory evidence – sample forms 77. Appendix A provides an example of a form that could be used as satisfactory evidence of proof of non-residence in Canada. Appendix B provides an example of a form that could be used as satisfactory evidence to help determine if a non-resident (other than a tour operator) would be entitled to the amount on account of a rebate. Appendix C provides an example of a form that could be used for tour operators. These sample forms are not required under the Act. The CRA will determine at the time of audit whether a registrant supplier could have paid to, or credited in favour of, a non-resident an amount on account of a rebate.

Deduction in determining net tax ss 234(2) 78. A registrant supplier that pays or credits an amount on account of a rebate may deduct the amount in determining its net tax for

- the reporting period that includes the particular day that is the later of
  - the last day on which any tax to which the rebate relates became payable; and
  - the day on which the amount is paid or credited; or
- any subsequent reporting period for which a return is filed within one year after the particular day.

The registrant supplier may claim the deduction on line 107 of the GST/HST return.

Example – amount credited on account of a rebate A registrant supplier in Saskatchewan supplied the following eligible tour packages to a non-resident non-registered tour operator:

Supplies	Consideration	GST
Tour package no. 1	\$2,000	\$100
Tour package no. 2	3,000	150
Tour package no. 3	4,000	200
Tour package no. 4	<u>2,000</u>	<u>100</u>
Total	<u>\$11,000</u>	<u>\$550</u>

The tour operator qualifies for the rebate and the registrant supplier agrees to credit the rebate amount to the tour operator. For these packages, the rebate amount is 50% of the GST paid:

$$\$550 \times 50\% = \$275$$

The registrant's invoice to the tour operator shows the following:

Amount charged to the tour operator	\$11,000
GST (\$11,000 × 5%)	<u>+ 550</u>
Subtotal	\$11,550
Less credit of GST rebate amount	<u>- 275</u>
Net amount payable	<u>\$11,275</u>

With respect to this particular transaction, the registrant includes the following amounts on its GST/HST return for the reporting period in which the tax was charged and the deduction was claimed:

Sales and other revenue (line 101)	\$11,000
GST/HST collected (line 103)	550
Adjustments (line 104)	<u>      </u>
Total GST/HST/adjustments (line 105)	550
Input tax credits (line 106)	0
Adjustment (line 107)	<u>275</u>
Total ITCs /adjustments (line 108)	<u>275</u>
Net tax (line 109)	\$275

The registrant also includes the information relating to the credit of the rebate amount on Form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*.

Liability for amounts paid or credited s 252.5

79. When, at a particular time, a registrant supplier pays or credits an amount on account of a rebate, and at that time the registrant supplier knew, or ought to have known, that the non-resident did not satisfy the conditions for claiming a rebate, or that the amount paid or credited exceeded the amount to which the non-resident would have been entitled, the registrant supplier and the non-resident are jointly and severally liable to pay, under section 264, the amount or the excess amount to the Receiver General, as the case may be, as if it had been paid at the particular time as a rebate under Division VI (Rebates) to the registrant supplier and the non-resident. Otherwise, only the non-resident is liable to pay, under section 264, the amount or the excess amount as if it had been paid at the particular time to the non-resident as a rebate under Division VI (Rebates).

### **Requirement to file a prescribed information schedule**

Filing of information ss 252.1(10)

80. When a registrant pays to, or credits in favour of, a non-resident an amount on account of a rebate and the registrant claims a deduction under subsection 234(2) in respect of that amount, the registrant must file prescribed information in respect of the amount in prescribed form and in prescribed manner. This information must be filed using Form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, on or before the day on or before which its GST/HST return for the reporting period in which the amount is deducted is required to be filed.

81. The information schedule must be filed for any eligible tour packages for which:

- the applicable GST/HST charged on the eligible tour package becomes payable after March 2007; and

- 
- the registrant claimed a deduction under subsection 234(2) for an amount on account of a rebate that the registrant paid to, or credited in favour of, a non-resident after March 2007.

Failing to file

82. The consequences for not filing Form GST106 depend on whether the registrant files the information schedule before or after the particular day.

Meaning of particular days 234(2.1)

83. For the purposes of subsection 234(2.1), “particular day” means the day that is the earlier of

- the day that is four years after the day on or before which the registrant was required under section 238 to file a return for the reporting period in which the registrant claimed the deduction; and
- the day stipulated by the Minister in a demand to file the information.

Late filing ss 234(2.1)

84. If a registrant fails to file Form GST106 on or before the due date of the GST/HST return in which the registrant claimed the deduction in respect of an amount paid or credited, but before the particular day, the registrant must add to its net tax an amount equal to interest, at the prescribed rate, on the amount claimed as a deduction computed for the period

- beginning on the day on or before which the registrant was required to file the prescribed information under subsection 252.1(10), and
- ending on the day the registrant files the prescribed information.

85. The amount equal to interest must be added in determining the net tax of the registrant for the reporting period that includes the day the registrant files the prescribed information. The amount must also be reported on Form GST106.

Failing to file before the particular day para 234(2.1)(b)

86. Where a registrant fails to file Form GST106 before the particular day, the registrant must add to its net tax an amount equal to the total of the amount claimed as a deduction under subsection 234(2) and interest, at the prescribed rate, on that amount computed for the period

- beginning on the day on or before which the registrant was required to file the prescribed information under subsection 252.1(10), and
- ending on the day on or before which the registrant is required to file a GST/HST return under section 238 for the reporting period that includes the particular day.

87. The total amount must be added in determining the net tax for the reporting period of the registrant that includes the particular day. The total amount must also be reported on Form GST106.

Prescribed interest rates

88. The prescribed interest rates can be found on the CRA Web site at [www.cra.gc.ca/interestrates](http://www.cra.gc.ca/interestrates).

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## Enquiries by telephone

**Technical enquiries on the GST/HST:** 1-800-959-8287

**General enquiries on the GST/HST:** 1-800-959-5525 (Business Enquiries)

**If you are located in Quebec:** 1-800-567-4692 (Revenu Québec)

All technical publications on GST/HST are available on the CRA Web site at [www.cra.gc.ca/gsthstech](http://www.cra.gc.ca/gsthstech).

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**Appendix A – Proof of non-residence in Canada**

The following examples of written documentation will generally be considered satisfactory to the Minister of National Revenue as certification that a person is not resident in Canada. Suppliers that pay or credit an amount on account of a rebate should keep such documentation on file.

**(a) In the case of a non-resident consumer:**

Name of individual: \_\_\_\_\_

Street address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I certify that I am not a resident in Canada for purposes of the *Excise Tax Act*

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date (YYYY-MM-DD)

**(b) In the case of a non-resident person, other than a consumer:**

Name of person: \_\_\_\_\_

Name of authorized representative: \_\_\_\_\_

Title: \_\_\_\_\_

Street address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I certify that the above-mentioned person is not resident in Canada for purposes of the *Excise Tax Act*.

I have personal knowledge of such matters and I am authorized to act on the person's behalf.

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date (YYYY-MM-DD)

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**Appendix B – Non-residents (other than tour operators) confirming eligibility for a rebate for eligible tour packages**

The following is an example of a form that could be used to help determine if a non-resident (other than a tour operator) would qualify for a rebate for an eligible tour package. The CRA will determine at the time of audit whether a registrant supplier could have paid or credited an amount on account of a rebate to a non-resident and claimed a deduction from its net tax.

Name of registrant supplier: \_\_\_\_\_

Street address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date of tour package: from \_\_\_\_\_ to \_\_\_\_\_  
YYYY-MM-DD YYYY-MM-DD

Name of person: \_\_\_\_\_

Street address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If applicable,

Name of authorized representative: \_\_\_\_\_

Title: \_\_\_\_\_

We confirm that we would be entitled to claim a rebate for the eligible tour package under subsection 252.1(2) of the *Excise Tax Act* if we had paid the GST/HST and filed a rebate claim with the CRA. We agree to pay any GST/HST for any tour package purchased found not to be eligible for a rebate. We certify that we have met all of the following conditions

- We are not a resident of Canada.
- We purchased the eligible tour package otherwise than for resale in the ordinary course of a business.
- The accommodation included in the tour package was made available to a non-resident individual.

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date (YYYY-MM-DD)

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**Appendix C – Non-resident non-registered tour operator confirming eligibility for a rebate for an eligible tour package**

The following is an example of a form that could be used to help determine if a non-resident non-registered tour operator would qualify for a rebate. The CRA will determine at the time of audit whether a registrant supplier could have paid or credited an amount on account of a rebate to a non-resident and claimed a deduction from its net tax.

Name of registrant supplier: \_\_\_\_\_

Street address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date of tour package: from \_\_\_\_\_ to \_\_\_\_\_  
YYYY-MM-DD YYYY-MM-DD

Name of person: \_\_\_\_\_

Name of authorized representative: \_\_\_\_\_

Title: \_\_\_\_\_

Street address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

We confirm that we would be entitled to claim a rebate for the eligible tour package under subsection 252.1(3) of the *Excise Tax Act* if we had paid the GST/HST and filed a rebate claim with the CRA. We agree to pay any GST/HST for any tour package purchased found not to be eligible for a rebate. We certify that we have met all of the following conditions:

- We are not a resident of Canada.
- We are not registered for GST/HST purposes.
- We purchased the eligible tour package for resale in the ordinary course of our business of selling tour packages.
- We sold the eligible tour package to a non resident.
- Payment for the resale of the tour package was made outside Canada at a place where we (or our agent) were conducting business.
- The accommodation included in the tour package was made available to a non-resident individual.

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date (YYYY-MM-DD)

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## **Appendix D – Third parties filing a rebate application on behalf of tour operators**

### **Power of attorney**

A power of attorney is a document whereby one person such as a non-resident tour operator appoints another person as its attorney (an “authorized person”) and confers authority to perform certain specific acts on its behalf. It might contain terms and conditions about how those two persons will conduct their business arrangement.

If a tour operator and another party decide to enter into an agreement, the tour operator must decide how much authority to give to the authorized person under the power of attorney and how it wants to structure its business arrangement with the person. For example, a power of attorney could include clauses outlining procedures by means of which the authorized person could recover amounts that they advanced from their own funds to tour operators as part of their arrangement, if the CRA determined that the tour operator was not entitled to all or some of the rebate amount claimed.

Because it is a private arrangement, the CRA cannot provide guidance on how parties should arrange their business affairs and will not become involved in any disputes that may arise from these private arrangements. Both parties should seek legal advice before entering into such an arrangement.

### **Information included in a power of attorney**

The CRA will accept and act on a power of attorney made under a private arrangement, provided it contains the following information:

- a statement that the authorized person is not affiliated with the Government of Canada or the CRA;
- complete and upfront disclosure of any fees that the authorized person charges the tour operator, as part of their arrangement, to complete and file the rebate application on behalf of the tour operator;
- a statement that the tour operator authorizes the other person to act on its behalf;
- a statement that the power of attorney is for a GST/HST rebate under the FCTIP;
- the tour operator’s name, address, telephone and fax numbers, e-mail address (if applicable), and signature; and
- the authorized person’s name, address, telephone and fax numbers, and e-mail address (if applicable).

When a tour operator authorizes another person to act as its attorney, the parties must decide how the rebate amount will ultimately be paid to the tour operator. They could choose to use various private arrangements such as the mail-in payment method or the instant payment method.

### **Mail-in payment method**

When using the mail-in payment method, the authorized person completes and files the rebate application (using Form GST115) with the CRA along with the required supporting documents and a signed power of attorney. Depending on the arrangement with the tour operator, the authorized person may charge a fee for its service. The tour operator gets its rebate amount when the CRA pays it to the tour operator.



**Instant payment method** Generally, when using the instant payment method, the authorized person completes and files the rebate application (using Form GST115) with the CRA along with the required supporting documents and a signed power of attorney. This person advances an amount equal to the estimated GST/HST rebate to the tour operator from the person's own funds. Depending on the arrangement with the tour operator, the authorized person may deduct a fee for its service. How the person gets its advance back from the tour operator is a private arrangement between the tour operator and that person.

**Cheque payable to tour operator** Regardless of how the tour operator structures its business arrangement with the authorized person, the CRA mails the cheque, payable to the tour operator to the address on Form GST115. The address could be the tour operator's address outside Canada or the authorized person's address in Canada.

**Registrant acting on behalf of tour operator** A registrant that supplies short-term and/or camping accommodation to a tour operator and that agrees to act on behalf of a tour operator (i.e., an authorized person) must still charge the full amount of the GST/HST payable for the accommodation and this amount must be accounted for on its GST/HST return. If the registrant advances an amount equal to the estimated rebate amount from its own funds, this amount cannot be deducted from its net tax when the registrant completes its GST/HST return. The advancing of funds to the tour operator is a private arrangement between the tour operator and the registrant and is not the same as paying or crediting the rebate amount.

Whether or not there is a power of attorney in place, the invoice to the tour operator must indicate the amount of the GST/HST payable. However, an accommodation provider such as a hotel, which has a power of attorney in place with a tour operator, may show the amount of any advance from its own funds to the tour operator on the invoice. In this instance, the CRA would accept that the GST/HST had been paid if the net amount of the invoice had been paid.

**Example** A non-resident non-registered tour operator acquires a block of rooms from a registrant hotel in a non-participating province for \$2,000 plus \$100 GST. A power of attorney is signed between the hotel and the tour operator. This document provides that the hotel will advance from its own funds an amount equal to the estimated GST/HST rebate and will file the rebate application on the tour operator's behalf. The hotel decides to show the advance on the invoice:

Price of the hotel rooms	\$2,000
5% GST payable ( $\$2,000 \times 5\%$ )	<u>+ 100</u>
Subtotal	\$2,100
Less: advance of amount equal to estimated rebate	<u>- 100</u>
Net amount payable	\$2,000
Net amount paid	\$2,000

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The hotel completes Form GST115 and sends it to the CRA with the supporting documentation and the signed power of attorney. With respect to this particular transaction, the hotel accounts for the full amount of the GST payable in its GST/HST return, but does not deduct the advance paid as this is a private matter between the two parties.

Sales and other revenue (line 101)	\$2,000	
GST/HST collected (line 103)	100	
Adjustments (line 104)	—	
Total GST/HST/adjustments (line 105)		100
Input tax credits (line 106)	0	
Adjustment (line 107)	0	
Total ITCs /adjustments (line 108)		<u>0</u>
Net tax (line 109)		\$100

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## Appendix E – Visitor Rebate Program

Cancellation of VRP	<p>The Visitor Rebate Program (VRP) was cancelled, effective April 1, 2007. Under the VRP, a GST/HST rebate was available to:</p> <ul style="list-style-type: none"><li>• non-resident individuals who acquired short-term and/or camping accommodation while vacationing or attending a convention in Canada;</li><li>• non-resident non-registered organizations or businesses (other than tour operators) that acquired short-term and/or camping accommodation in Canada for use by a non-resident employee or client; and</li><li>• non-resident non-registered tour operators that acquired short-term and/or camping accommodation in Canada for supply in the course of their businesses to non-resident individuals.</li></ul>
Transitional rule	<p>Under the transitional rule for the cancellation of the VRP, the VRP rebate will continue to apply to supplies of short-term and/or camping accommodation not included in tour packages if</p> <ul style="list-style-type: none"><li>• the accommodation was supplied to a non-resident under an agreement in writing entered into before September 25, 2006; and</li><li>• the accommodation was first made available before April 2009.</li></ul> <p>If these conditions are satisfied, non-resident individuals, businesses, organizations, and tour operators may still be entitled to claim a rebate for the GST/HST paid on short-term and/or camping accommodation acquired in Canada.</p>
Examples	<ol style="list-style-type: none"><li>1) In July 2006, a non-resident non-registered tour operator entered into an agreement in writing to reserve a block of rooms in a hotel in a participating province for the first week of July 2007. The HST became payable by the tour operator on July 4, 2007 when the tour operator supplied the rooms to non-resident individuals.  The tour operator was eligible for a rebate of the HST paid on the short-term accommodation because the accommodation was supplied under an agreement in writing entered into before September 25, 2006 and the accommodation was first made available before April 2009. The tour operator was required to file its rebate application by July 4, 2008.</li><li>2) On October 2, 2006, a non-resident employer entered into an agreement in writing to reserve a room in a hotel in Canada for the first week of April 2007 for use by one of its employees. The non-resident employer is not eligible to claim a rebate because the agreement in writing was not entered into before September 25, 2006.</li></ol> <p>In general, for purposes of the accommodation rebate, the CRA will accept the following as evidence that a non-resident entered into an agreement in writing with a supplier before September 25, 2006:</p> <ul style="list-style-type: none"><li>• documentation outlining the details of the relationship between the parties. The documentation would usually include information about the length of the relationship, the properties and services that will be supplied, and any operational procedures such as those relating to booking, invoicing, payment, deposit, and cancellation; and</li><li>• a tariff or other itemized inventory that describes the properties and services available, the prices, and the time period(s) during which the prices apply. This does not include advertising materials such as catalogues, pamphlets, or brochures for the general public.</li></ul>

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The information must show that the parties to the agreement are aware of their rights and responsibilities with respect to the properties and services to be supplied. It should contain information about the application of the GST/HST to these supplies of properties and services as of the date the parties finalized the documents.

Agreements in writing may also include electronic agreements that are capable of being rendered into writing (e.g., e-mails and electronic hotel reservations). The information can be recorded on one document or on more than one document.

Reservations made in person or by telephone, e-mail or fax

Reservations made using the Internet (either by e-mail or using an on-line reservation system) may be part of an agreement in writing because they can be printed and rendered into writing.

Reservations made by telephone or in person are not written agreements; they are verbal agreements. However, these verbal agreements may be considered agreements in writing if:

- the supplier subsequently confirms the reservation on a folio, invoice or receipt given to the non-resident; or
- the supplier faxes, e-mails or gives a separate document to the non-resident confirming the reservation.

Confirmation document

In either case, the confirmation document should contain the following information:

- the non-resident's name, address and contact information;
- the arrival and departure date;
- the type of accommodation requested (e.g., a single or double room);
- the charges for the type of accommodation;
- information on how long the accommodation will be held on the arrival date; and
- a confirmation number.

Examples

- 1) A non-resident individual stayed in a hotel in Canada in July 2006. When checking out of the hotel, the non-resident made a reservation for the following year and gave a deposit. In August 2006, the hotel operator sent an e-mail to the non-resident confirming the arrival and departure dates, the type of room requested, and the cost. The e-mail also specified that full payment would be due on the non-resident's arrival in July 2007, and included a confirmation number.

The non-resident was eligible to claim a rebate of the GST/HST paid on the short-term accommodation because the accommodation was first made available before April 2009. In addition, the e-mail sent by the hotel operator in August 2006 is a written agreement entered into before September 25, 2006, as it provided the necessary details to confirm the reservation.

- 2) On September 22, 2006, a non-resident non-registered tour operator faxed a request to a Canadian hotel to reserve a block of rooms for July 2008. On September 23, 2006, the hotel operator sent an e-mail to the tour operator confirming the arrival and departure dates, the type of room requested, and the cost. The e-mail specified that payment would be due the day the tour operator supplied the rooms to non-residents. It also included a confirmation number.

The tour operator is eligible to claim a rebate. The e-mail the hotel sent on September 23, 2006 contained the necessary details to be considered a written agreement and it was entered into before September 25, 2006.

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Agreements between other parties

For purposes of the VRP, non-residents may still be eligible to claim a rebate of the GST/HST paid on short-term and/or camping accommodation where the accommodation is supplied under an agreement in writing entered into between other parties before September 25, 2006; for example, an agreement in writing between a convention sponsor or organizer and a hotel.

When a convention sponsor or organizer enters into a written agreement with an accommodation provider such as a hotel to book a block of rooms that attendees can reserve, a convention rate is usually negotiated. The convention rate applies to rooms for the length of the convention and usually for a number of nights before and after the convention. The non-resident attendee is eligible to claim a rebate of the GST/HST paid if the room is supplied at the convention rate under an agreement in writing entered into before September 25, 2006.

Examples

- 1) A non-resident individual attended a convention in Canada in October 2008. The convention sponsor had booked a block of rooms under an agreement in writing entered into in August 2006 for the convention and for three nights before and three nights after the convention.

The non-resident individual had reserved one of these rooms for the convention, plus two nights before and one night after. Although the accommodation was made available after March 2007, the non-resident individual is eligible to claim a rebate of the GST/HST paid on the short-term accommodation because the non-resident purchased the accommodation under an agreement in writing between the convention sponsor and the hotel entered into before September 25, 2006, and the accommodation was first made available before April 2009.

- 2) In August 2006, a convention organizer entered into an agreement in writing with a hotel in Canada to book a block of rooms for a convention in October 2008, and for three nights before and three nights after the convention.

A non-resident delegate reserved a room for the convention and for seven nights before and two nights after the convention. The delegate received the convention rate for all the nights during the convention, and for the three nights before and two nights after. The delegate is eligible to claim a rebate of the GST/HST paid on the accommodation only for the nights covered by the agreement in writing (i.e., the nights for the convention, plus the three nights before and two nights after). The delegate is eligible to claim the rebate because the accommodation was purchased under an agreement in writing entered into before September 25, 2006, between the convention organizer and the hotel, and the accommodation was first made available before April 2009.

The non-resident delegate is not eligible to claim a rebate of the GST/HST paid on the accommodation for the first four nights of the delegate's stay because they are not covered by the agreement in writing.

Under an agreement in writing, in addition to the number of rooms reserved by the sponsor or the organizer, the hotel may also agree to offer extra rooms at the convention rate but these rooms are usually subject to availability. In this situation, a non-resident who books one of these extra rooms at the convention rate is eligible to claim a rebate because the extra rooms sold at the convention rate are covered by the agreement in writing.

Example

In August 2006, a convention sponsor entered into an agreement in writing with Hotel A to book a block of 800 rooms for a convention in Canada in March 2008. In the agreement, the hotel also agreed that it would offer 200 extra rooms at the convention rate, subject to availability.

In May 2007, the convention sponsor entered into an agreement in writing with Hotel B to book a block of 100 overflow rooms at a convention rate for use by delegates. A non-resident delegate booked one of these rooms in Hotel B.

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The non-resident delegate was not eligible to claim a rebate of the GST/HST paid for the room in Hotel B because, although the room was sold at the convention rate, the agreement in writing between the sponsor and Hotel B was not entered into before September 25, 2006. If the delegate had booked one of the extra rooms in Hotel A at the convention rate, then the delegate would have been eligible to claim a rebate because the extra rooms in Hotel A were covered by the agreement in writing entered into before September 25, 2006.

Accommodation included  
in admission to convention

A non-resident is not eligible to claim a rebate under the VRP if the accommodation is included in the admission to a convention. In this case, the attendee is acquiring an admission to the convention, not short-term accommodation.

If an agreement in writing is entered into before September 25, 2006 but is modified on or after that date, the new document may be a new agreement in writing for which the VRP rebate would not be available. See Policy P-249, *Agreements and Novation*, for more information on when an agreement that is modified is considered a new agreement.