



Provincial Sales Tax (PST) Notice

Notice 2012-022

Issued: December 2012

Accommodation *Provincial Sales Tax Act*

During the summer of 2011, British Columbians had the opportunity to participate in a province-wide referendum on the harmonized sales tax (HST). On August 26, 2011, Elections BC announced that British Columbians had voted in favour of eliminating the HST and returning to the provincial sales tax (PST) plus federal goods and services tax (GST) system.

Following the referendum results, government committed to make the transition back to the PST/GST system as quickly as responsibly possible. The *Provincial Sales Tax Act* received Royal Assent on May 31, 2012, and the PST will be re-implemented on April 1, 2013.

This notice provides a general overview of the application of the PST to purchases of accommodation in BC.

Please note: Some of the rules and requirements described in this notice are subject to legislative and regulatory approval.

For information on how the PST applies to purchases of accommodation in BC that straddle April 1, 2013, please see PST [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

Overview

When the PST is re-implemented on April 1, 2013, the tax on short term accommodation (formerly the provincial hotel room tax) will also be re-implemented but will be 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. The tax rate will be 8%, the same rate as prior to the HST, and tax will apply in generally the same way it did prior to the HST.

The up to 2% municipal and regional district tax (MRDT) levied on behalf of municipalities, regional districts and eligible entities, such as non-profit tourism associations, to raise revenue for local tourism marketing, programs and projects will continue after April 1, 2013 and will also be incorporated into the PST. The program will continue unchanged, other than the due date for remitting the tax will change to correspond to the due date for remitting PST. For more information on the MRDT as it will apply under the *Provincial Sales Tax Act*, please see [Notice 2012-023](#), *Municipal and Regional District Tax*.

What is Accommodation?

For the purpose of the PST, accommodation is lodging in:

- hotels, motels, resorts, boarding houses, lodging houses, rooming houses, hostels, dormitories, bed and breakfast establishments, condominiums, vacation homes, clubs, bunkhouses, cabins, mobile homes, trailers and similar dwellings, and
- ships and trains in certain circumstances.

Purchase of Accommodation

The purchase of accommodation in BC will be subject to PST at a rate of 8%, unless a specific exemption applies.

Exemptions

Accommodation that was not taxable under the previous *Hotel Room Tax Act* will also not be taxable under the new PST.

The following accommodation is **not** taxable:

- Accommodation provided by a person who **offers** less than 4 units of accommodation in the province (regardless of how many units are actually sold on any given night)
- Accommodation where the cost of the accommodation is \$30 or less per day, or \$210 or less per week
- Accommodation provided to the same person for a continuous period of more than one month
- Accommodation provided in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long term care facilities
- Accommodation in a ship or train while the ship or train is in transit or is making a scheduled stopover in B.C.

More information about non-taxable accommodation will be provided in future notices and bulletins.

Paying and Collecting Tax

Accommodation providers who sell taxable accommodation in BC will charge and collect the PST payable on the purchase of taxable accommodation. Accommodation providers will also charge and collect the municipal and regional district tax (MRDT) in communities where the MRDT applies.

Where the accommodation provider also sells other taxable goods, including liquor, they will charge PST on those goods as well. The tax rate on liquor will be 10% while the general PST rate on other taxable goods will be 7%. For more information on the application of tax to purchases of goods in BC, please see [Notice 2012-011](#), *Purchases of Tangible Personal Property (Goods) in British Columbia*.

Further Information

If you have any questions, please call us toll free at 1 877 388-4440 or email your questions to CTBTaxQuestions@gov.bc.ca

You can also find information on our website at gov.bc.ca/pst

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

You can access *Bill 54-Provincial Sales Tax Act* on the Legislative Assembly of British Columbia website at leg.bc.ca/39th4th/3rd_read/gov54-3.htm

The *Provincial Sales Tax Act* Regulations will be posted to our website as soon as they are available.

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