



FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM Tour Packages: What Is an Eligible Tour Package

This info sheet explains what an eligible tour package is for purposes of claiming a GST/HST rebate under the Foreign Convention and Tour Incentive Program (FCTIP).

Effective January 1, 2008, the rates of the GST and the HST have been reduced. The rate of the GST has been reduced from 6% to 5%. The rate of the HST has been reduced from 14% to 13%.

This info sheet does not explain whether a non-resident qualifies for a GST/HST FCTIP rebate. For more information on this topic, see GST/HST Info Sheet GI-032, *Foreign Convention and Tour Incentive Program – Non-Residents Purchasing Tour Packages: Rebate for Eligible Tour Packages*.

For information on rebates that may be claimed by tour operators purchasing short-term and/or camping accommodation for resale as part of an eligible tour package, see GST/HST Info Sheet GI-033, *Foreign Convention and Tour Incentive Program – Non-Resident Tour Operators: Rebate for Accommodation Sold in Eligible Tour Packages*.

Background

Effective April 1, 2007, the Visitor Rebate Program was cancelled and the FCTIP was introduced. This change did not affect what is considered to be an eligible tour package for GST/HST purposes.

What is being sold

As in any transaction, it is important to decide on what is being sold in order to determine how the GST/HST applies to the 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.

If a supply is a single supply, then the next step is to determine if what is being supplied is a tour package.

For GST/HST purposes, a tour package is 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, when the property and services are sold together for an all-inclusive price. A tour package is a single supply for GST/HST purposes.

Generally, a tour package is what is produced when a tour operator combines various elements to create something new.

Example 1

A registrant in Calgary, Alberta, sells a package to Japanese tourists that includes a meal at a restaurant, a ticket to a sports event, and the services of an interpreter. The property and services are sold together for an all-inclusive price. This package is a tour package for GST/HST purposes.

Even if a package is a tour package for GST/HST purposes, it is not necessarily an eligible tour package for purposes of claiming a GST/HST FCTIP rebate. More information on this topic can be found under the heading "What is an eligible tour package".

What is not a tour package

All combinations of two or more services, or of property and services are not necessarily tour packages. In other words, one cannot assume that every combination that includes elements such as transportation services or accommodation is a tour package for GST/HST purposes.

La version française de la présente publication est intitulée *Programme d'incitation pour congrès étrangers et voyages organisés – Voyages organisés : ce qu'est un voyage organisé admissible*.



The nature and purpose of the package being sold 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 to be a tour package for GST/HST purposes. Examples of such packages are wellness packages, educational and counselling packages, children's overnight camps, sport tournaments, and concert tours.

Wellness packages

Wellness packages (e.g., spa or yoga packages) have, as their focus, services or treatments to be rendered by persons having specialized skills or expertise. The purpose of these packages is to promote wellness by providing certain 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.

These packages are not tour packages for GST/HST purposes. They are wellness packages. The extra elements such as accommodation and meals are simply furnished as a component of the overall wellness treatments.

Example 2

A stay at a wellness spa retreat in Canada that is sold for an all-inclusive price includes 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.

Educational and counselling packages

Educational packages, such as immersion camps or training seminars, and packages offering counselling services, such as marriage encounter or rehabilitation programs, have as their focus services to be rendered by professionals. The packages may also include meals, educational or reference materials, and accommodation.

These packages are not tour packages for GST/HST purposes. They are a single supply of professional services. The other elements of the

package are furnished as a component of the overall professional service.

Example 3

A business in British Columbia sells an all-inclusive package to international students that includes 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.

Example 4

A rehabilitation centre offers weekend clinics that include 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.

Children's overnight camps

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.

Example 5

A stay at a children's overnight camp is sold for an all-inclusive price. The registration fee includes supervised accommodation at the camp, supervised camp activities, meals, laundry, field trips, and a camp t-shirt.

The overnight camp is not a tour package for GST/HST purposes. The supervised accommodation is part of the supervised activities.

Sport tournaments and concert tours

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.

Example 6

A softball league association organizes a softball 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.

If you are not sure whether a package is a tour package, you may ask for a written ruling or interpretation. See GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, for more information.

What is an eligible tour package

After determining that a package is a tour package for GST/HST purposes, the next step is to determine if it is an eligible tour package for the purposes of claiming a FCTIP rebate.

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 tour package must be sold for an all-inclusive price and cannot include a convention facility or related convention supplies.

Short-term or camping accommodation

Short-term accommodation means the rental of an accommodation unit as a place of lodging for an individual who will occupy it continuously for a period of less than one month and that costs more than \$20 per night. Overnight or week-long accommodation in hotels or motels would usually be short-term accommodation. Short-term accommodation also includes any type of overnight shelter that is part of a tour package that also includes food and the services of a guide.

Short-term accommodation does not include a residential complex or unit when it is provided under a timeshare arrangement, or overnight shelter on trains, travel trailers, boats, or structures that are, or could be, self-propelled.

Camping accommodation means a campsite at a campground or recreational trailer park that is rented continuously as a place of lodging for periods of less than one month to the same individual. It

includes water, electricity and waste disposal services, if accessed by means of an outlet or hook-up at the campsite and if provided with the campsite.

Example 7

A wilderness package in Alberta that is sold for an all-inclusive price includes round-trip air transportation, accommodation in tents, food, equipment such as fishing gear, and the services of a guide.

This package includes short-term accommodation in Canada. 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.

Example 8

A package sold for an all-inclusive price includes round-trip bus transportation to a zoo, admission to the zoo, and two meals.

This package is not an eligible tour package because it does not include short-term or camping accommodation in Canada.

Property and service

Property is any type of property. It includes goods and a right or interest of any kind, but does not include money. Examples of property include:

- short-term and camping accommodation;
- meals;
- a right to enter or attend an event such as tickets to a show or a hockey game;
- car rentals;
- ski rentals;
- ski lift tickets;
- admissions to golf courses; and
- park passes.

A service is anything other than property, money, and anything supplied to an employer by an employee (including someone who agrees to become an employee) in the course of employment. Examples of services include:

- the services of a guide or interpreter;
- transportation services such as bus tours and air transportation;
- sightseeing excursions; and
- ski lessons.

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 find out what each element of the package would be (i.e., either property or a service) if it were sold separately and not as part of a package. In doing so, it is important to distinguish between those elements that would be sold separately and those elements that are inputs or part of another element (e.g., housekeeping services at a hotel would not be an element sold separately, but rather part of the accommodation). Once it is determined that a package does include at least one service, it is not necessary to characterize any remaining elements in the package.

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 it is sold 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 sold for an all-inclusive price and that the accommodation is short-term or camping accommodation in Canada. More information on all-inclusive price can be found under the heading “Meaning of all-inclusive price”.

Example 9

A package includes accommodation, a guided sightseeing tour of the city, and meals.

This package includes at least one service: the guided sightseeing tour.

Example 10

A package includes accommodation, meals and theatre tickets.

This package does not include a service. The meals and theatre tickets are both property.

Example 11

A package includes accommodation, tickets to a show and a guided tour of local wineries.

This package includes at least one service: the guided tour of local wineries.

Example 12

A package includes 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. The representative is making separate supplies of optional guided tours and the representative's presence in the lobby merely facilitates making these supplies.

Example 13

A package includes accommodation, transportation by minibus to and from a museum in a neighbouring city, and attendance at a festival.

This package includes at least one service: the bus transportation.

Example 14

A stay at an all-inclusive resort includes 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, the swimming pool, tennis court, and parking lot are amenities that are part of the accommodation.

Example 15

A package includes 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.

Example 16

A package includes round-trip air transportation, accommodation, guided sightseeing tours, and meals.

This package includes at least one service. The air transportation and the guided sightseeing tours are both services.

Example 17

A package includes accommodation in three different cities and a car rental.

This package does not include a service. The car rental is property.

Example 18

A package includes 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.

Example 19

A package includes accommodation, ski lift tickets, ski equipment rentals and ski lessons.

This package includes at least one service: the ski lessons.

Example 20

A package includes 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.

Example 21

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, he purchases a tour package from a tour operator. The tour package includes round-trip air transportation and accommodation.

The tour package includes at least one service: the air transportation.

Shuttles and transfers

When a provider of accommodation such as a hotel offers complimentary transfers or shuttles to and from the accommodation and an airport, or shuttles to and from a nearby casino, the CRA considers these to be amenities that are part of the accommodation.

Example 22

A package includes accommodation at a hotel and a shuttle to and from a nearby casino. There is no charge for the shuttle.

This is accommodation only as the shuttle is an amenity included in the accommodation.

If you are not sure whether a transfer or shuttle is part of a package, you may ask for a written ruling or interpretation. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*.

Hunting and fishing packages

Outfitters offer packages that include property and services specific to this type of business. More information on hunting and fishing packages is available in GST/HST Info Sheet GI-046, *Foreign Convention and Tour Incentive Program - Hunting and Fishing Packages*.

Meaning of all-inclusive price

Even if a package contains short-term and/or camping accommodation in Canada and at least one service, it has to be sold for an all-inclusive price to be an eligible tour package.

Generally, an all-inclusive price means a single price for all property and services sold together in a package. However, in the tourism industry, prices for certain items are sometimes listed on the invoice for information purposes. Even where this is the case, in some circumstances, the package may still be considered to be sold 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 sold for an all-inclusive price because the price of accommodation is listed separately only for information purposes.

A package is not sold 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 sold separately or sold on behalf of other persons.

Example 23

A tour operator sold a package that includes short-term accommodation, meals and the services 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 sold for an all-inclusive price. The price for the accommodation is listed on the invoice for information purposes only.

Example 24

A tour operator sells 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 sold for an all-inclusive price.

Fully Independent Travel tours and customized tour packages

Fully Independent Travel (F.I.T.) tours and customized tour packages are eligible tour packages if they are sold 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 sold 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 sold separately is not an eligible tour package because these are two separate sales (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 sold 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 Info Sheet GI-012, *Agents*.

Example 25

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 sold by different suppliers through the agent. The invoice shows one price for all of the items.

This package is not a tour package. Although the invoice only shows a single price, the items are sold separately through the agent.

Example 26

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 sold 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 into a single supply and sold for an all-inclusive price.

Changes to a tour package

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 package still meets the definition of an eligible tour package (i.e., the package is a tour package that is sold for an all-inclusive price and includes short-term and/or camping accommodation in Canada and at least one service).

Example 27

A tour operator sells an advertised package for an all-inclusive price. The package includes short-term accommodation in Canada and round-trip air transportation. A customer asks the tour operator to alter the all-inclusive package so that it 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.

Packages that include a convention facility or related convention supplies

Packages that include a convention facility or related convention supplies are not eligible tour packages.

Example 28

The sponsor of a convention hires an organizer to put on a convention that will be held in Manitoba. The organizer charges an all-inclusive price for the rental of the convention facility, accommodation for the sponsor at a hotel, advertising, security, convention materials, and food and beverages.

This is not an eligible tour package because it includes a convention facility and related convention supplies.

Sponsors of foreign conventions, non-registered convention organizers and non-resident exhibitors may be eligible for other rebates under the FCTIP. For more information, see the following GST/HST Info Sheets:

- GI-028, *Foreign Convention and Tour Incentive Program – Non-Resident Exhibitors: Application of the GST/HST to Purchases and Rebate for Purchases*;
- GI-029, *Foreign Convention and Tour Incentive Program – Sponsors of Foreign Conventions: What is a Foreign Convention and Rebate for Purchases*;
- GI-030, *Foreign Convention and Tour Incentive Program – Non-Registered Organizers of Foreign Conventions: Rebate for Purchases*.

Additional information

More information on how to claim a rebate for tour packages is available in booklet RC4160, *Rebate for Tour Packages, Foreign Conventions, and Non-Resident Exhibitor Purchases*.

This info sheet 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 any CRA GST/HST Rulings Centre for additional information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling the toll-free number 1-800-567-4692, or visit their Web site at www.revenu.gouv.qc.ca.

All GST/HST publications are available on the CRA Web site at www.cra-arc.gc.ca/tax/technical/gsthst-e.html.

Reference in CRA publications is made to the harmonized sales tax (HST) that applies to property and services provided in Nova Scotia, New Brunswick, and Newfoundland and Labrador (the "participating provinces") at a rate of 13%. The goods and services tax rate is 5%.