

## Completing the Hotel Room Tax Return

### *Hotel Room Tax Act*

Are you registered to collect hotel room tax?

Do you need help completing the tax return form?

This bulletin is a guide to help you complete the *Hotel Room Tax Return*.

For detailed information on where and how to file your tax return, please see [Bulletin GEN 012](#), *Remitting Tax*.

For more general information for hotel, motel, bed & breakfast, hostel and other lodging operators, please see the Accommodation Industry website at [www.sbr.gov.bc.ca/industry\\_specific/accommodation/accommodation.htm](http://www.sbr.gov.bc.ca/industry_specific/accommodation/accommodation.htm)

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### Overview

The Ministry of Small Business and Revenue sends all registered operators a *Hotel Room Tax Return* ([FIN 432](#)) at the end of each reporting period. You use the tax return to

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The revision bar ( | ) identifies changes to the previous version of this bulletin dated November 2007.

calculate and pay the hotel room tax (HRT) collected on your sales of accommodation during your reporting period.

**Please note:** You do not use the tax return to pay any other amounts due to the ministry, such as amounts you were assessed from an audit.

## Front of the Tax Return

### Information Printed on the Form

The ministry prints the following information on the front of the tax return form.

- **Business Number:** For more information on business numbers, please see our website at [www.bcbusinessregistry.ca/sbn/SBNP/default.htm](http://www.bcbusinessregistry.ca/sbn/SBNP/default.htm)
- **Registration Number:** Your registration number is separate from your business number. The ministry assigns you a registration number when you register to collect and remit HRT. For more information on registering, please see [Bulletin HRT 005](#), *Registering to Collect Hotel Room Tax*.
- **Due Date:** This is the date your tax return and payment are due (23 days after the last day of your reporting period). For more information on due dates and remitting tax, please see [Bulletin GEN 012](#), *Remitting Tax*.
- **Period Covered:** This is the reporting period for your tax return.

### Messages

The messages printed on the left part of the tax return contain important information, such as updates for all businesses, changes for specific industries and various tips to help you avoid costly tax errors.

### Nil Returns – No HRT Collected

You are required to complete and send in your tax return even if you did not make any sales of taxable accommodation. In this case, complete and file your tax return as follows:

- in **Box A** at Step 1, enter the total amount of your non-taxable sales or “0” if you made no sales, and
- in **Box H** at Step 4, enter “Nil”.

If you do not file a nil return, the ministry may estimate the amount of HRT due based on your previous sales and send you an assessment for the estimated HRT you owe, plus any applicable interest and penalties. If you are filing nil returns often, you may be eligible to file less frequently. For more information, please see [Bulletin GEN 012](#), *Remitting Tax*.

## Remittance Form

After completing the worksheet on the back of the tax return, you enter the amount paid on the Remittance Form (the bottom portion of the tax return).

## Completing the Worksheet

On the back of the tax return is the worksheet (please keep a copy for your records). The worksheet has four steps and will help you complete your tax return accurately.

### Step 1 - Total Accommodation Sales

In **Box A**, enter the total amount of **all** sales of accommodation made during the reporting period, including all taxable and non-taxable sales of accommodation. You do not include the federal goods and services tax (GST) or other taxes in the calculation.

### Step 2 - Tax Collectable on Sales

In **Box B**, enter the total amount of HRT collectable on all your taxable accommodation sales during the reporting period, including:

- all the HRT collected on your sales, and
- the HRT on all taxable sales made on credit (if you later write off an outstanding credit sale as bad debt, you can take an adjustment as described in Step 3).

If you are entitled to an internal tax account adjustment (see section below, Internal Tax Account Adjustments), you subtract the adjustment amount from the tax collectable when calculating the total HRT collectable on your sales.

### Operator's Commission

In **Box C**, enter your commission. Your commission is based on the amount of HRT collectable on your sales (as outlined in Step 2 of the worksheet). To claim a commission, you must file your tax return and pay the HRT due by the due date.

Effective November 1, 2008, the commission amounts have increased.

### Commission Amounts – On, or After, November 1, 2008

Tax Collectable (Box B)	Commission (Box C)
\$22.00 or less	The tax collectable (Box B on your tax return)
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of tax collectable, to a maximum of \$198.00

You claim the increased commission starting on your November 2008 tax return. If you are filing a tax return where your reporting period ends prior to November 1, 2008, you calculate the commission as outlined below.

## Commission Amounts – Before November 1, 2008

Tax Collectable (Box B)	Commission (Box C)
\$11.00 or less	The tax collectable (Box B on your tax return)
\$11.01 - \$333.33	\$11.00
More than \$333.33	3.3% of tax collectable, to a maximum of \$99.00

If your business has more than one location of the same legal entity and you receive a separate tax return for each location, you can only claim a commission on **one** tax return. The ministry will assign one of your business locations as the primary account and the other(s) as the secondary account(s). You claim your commission on the tax return of the primary account.

You base your commission on the combined amount of HRT collectable from all your accounts. However, your total commission for all accounts cannot exceed the maximum amount.

To claim commission for more than one account, enter the amount of eligible commission for the primary account in **Box C** on the primary tax return. If your commission for the primary tax account does not amount to the full maximum amount, you may claim the remaining eligible amount(s) for your secondary account(s) by entering the remaining commission amount in **Box G** on the primary tax return. Write the following in the space beside **Total Adjustments**: *shared commission with {secondary account(s) registration number(s)}*.

You are required to file the primary account on time to receive any commission for that legal entity, and you are required to file the secondary account(s) on time to receive that portion of the commission.

**Please note:** If you have more than one business location and you receive a separate tax return for each location, you may find it easier to consolidate your accounts and receive one tax return for all locations. For more information, please contact the ministry.

### Net Tax Due on Sales Before Adjustments

In **Box D**, enter the total of HRT collectable on all your sales (Box B) minus your commission (Box C).

### Step 3 - Adjustments

In **Box E**, enter the amount of HRT that you previously remitted but later refunded to your customer because their stay was over one month. For more information, please see [Bulletin HRT 006](#), *Accommodation - Registered Operators of Hotels, Motels or Other Lodgings*.

In **Box F**, enter the amount of HRT you remitted on accommodation sold on credit and where you wrote off the debt. For more information, please see [Bulletin GEN 001](#), *Refund of Tax Remitted on Sales Written Off as “Bad Debts”*.

## Total Adjustments

In **Box G**, enter the total amount of the adjustment(s) (Boxes E plus Box F).

**Please note:** Step 3 is only used to take the adjustments as described above in Boxes E and F. You are required to keep documents to support the reason for the adjustments. Do not use Step 3 to make any eligible internal adjustments listed in the section below, Internal Tax Account Adjustments.

## Step 4 - Total Amount Due

In **Box H**, enter the total of HRT payable before adjustments (Box D) minus the total amount of adjustments being taken (Box G).

Box H is the amount of HRT due to the ministry. You must enclose payment for this amount when you file your tax return form. Please write your registration number on your cheque.

## Completing the Remittance Form

The bottom portion of the tax return is the Remittance Form, which you detach and submit with your payment. All information on the Remittance Form must be complete.

To complete the Remittance Form, copy the amounts from boxes A, B, C, D, E, F, G and H of the worksheet to the corresponding letters on the Remittance Form. The amount in **Box H** is the amount that you enter in the Enter Amount Paid box on the front of your tax return.

Check that the date in the Period Covered box is correct, or is for the period that you are reporting. If the date is incorrect, write the dates for which you are filing. Include a start and end date in the space provided on the form.

When you have completed both sides of the Remittance Form and calculated the HRT due, complete and sign the certification section.

**Please note:** If you permanently close or sell your business, please read the directions on the front of the Remittance Form.

## Internal Tax Account Adjustments

In **Box B** of the worksheet, enter the total HRT collectable on your accommodation sales minus any internal adjustments. You **only** take internal tax account adjustments if:

- you incorrectly charged a customer HRT and then refunded them the HRT paid, including HRT incorrectly charged on exempt accommodation (e.g. accommodation sold for \$30 or less per day or \$210 or less per week) or accommodation purchased by an exempt individual (e.g. a diplomat or member of a Consulate who possesses an identity card issued by Foreign Affairs Canada),
- you charged too much HRT because of a mathematical error or you calculated HRT on a GST-included price, and you refunded the HRT to your customer, or
- you adjusted a price for a customer and refunded them the difference in HRT paid on the higher price (e.g. you sold accommodation immediately before offering a special rate and the customer requested the special rate).

You cannot take any other internal tax account adjustments. If you believe you have overpaid HRT in circumstances not described here, you need to apply to the ministry for a refund.

Do not use boxes E or F of the worksheet for internal adjustments. You only use these boxes for purposes as described in the section above, *Completing the Worksheet*.

You cannot reduce the HRT due to below zero. If your adjustments are greater than the HRT due, you need to apply to the ministry for a refund.

You can only take internal adjustments for overpayments of HRT that occurred in the current reporting period or the period immediately prior to the current period. For example, if you are filing your July 2007 monthly tax return (due August 23, 2007), you can only take internal adjustments for overpayments of HRT that occurred in June or July 2007. If you made an overpayment of HRT before June 2007, you need to apply to the ministry for a refund. For more information, please see [Bulletin GEN 008](#), *Refunds of Overpayment of Tax*.

You are required to follow proper accounting techniques and practices when taking an internal tax account adjustment. Document and keep a record of the adjustment to show why it was made. If documentation for the adjustment is not available during an audit or inspection, you will be liable for an assessment of the HRT due, interest and possibly a penalty. If you have any doubts about whether you should take an internal adjustment, please contact the ministry.

## Municipal and Regional District Tax

If your hotel, motel, bed & breakfast, hostel or other lodging is located in an approved municipality or regional district, you charge both the provincial hotel room tax (HRT), and the municipal and regional district tax on all sales of taxable accommodation.

You use a separate tax return to remit the municipal and regional district tax. The procedures for completing the *Municipal and Regional District Tax Return* ([FIN 401](#)) are the same as for the *Hotel Room Tax Return* ([FIN 432](#)), except no commission is allowed for collecting the municipal and regional district tax. For more information, please see [Bulletin HRT 007](#), *Municipal and Regional District Tax*.

## Filing Your Tax Returns

You have several options for filing your tax returns and making payments, including by mail or courier directly to the ministry, or in-person at any [Service BC Centre](#) or at most financial institutions. For more information, please see [Bulletin GEN 012](#), *Remitting Tax*.

If you do not file a tax return, the ministry will estimate the amount of HRT due based on your previous sales and send you an assessment for the estimated HRT you owe, plus any applicable interest and penalties.

## Provincial Sales Tax

If you sell alcoholic beverages, gifts or other taxable goods or services, you are required to register to collect the provincial sales tax (PST), and submit a separate tax return form for these sales. For more information, please see [Bulletin SST 044](#), *Registering to Collect Provincial Sales Tax (PST)*.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).



## Need more info?

Remitting Tax website: [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Hotel\\_Room\\_Tax/hrt\\_file.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Hotel_Room_Tax/hrt_file.htm)

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Hotel Room Tax Act* and Regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Hotel\\_Room\\_Tax/hrt\\_legislation.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Hotel_Room_Tax/hrt_legislation.htm)

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References: *Hotel Room Tax Act*, Sections 1, 2, 3, 8, 9 and 23, and Regulations 2.2, 2.4, 4.4, 5.1–5.6 and 6.