

Tax on Lodging



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The Québec government has set up a tourism partnership fund to support and promote the Québec tourism industry. The fund is financed, in particular, by the tax on lodging.



What is the tax on lodging?

The tax on lodging applies to the rental of accommodation units in each of the tourism regions of Québec that submits a request to this effect through its regional tourism association.

The tax is equal to \$2 per overnight stay or 3% of the price of an overnight stay, depending on the region. It must be collected every time an accommodation unit is rented for more than six hours per 24-hour period, in an establishment that is subject to the tax and is located in a participating tourism region.

A sleeping-accommodation establishment is a business operated year-round or seasonally that, particularly through advertisements in the media or in public places, offers tourists, in return for payment, at least one accommodation unit for a period not exceeding 31 days. An accommodation unit may be a room, bed, apartment, cottage or house.

Hotel establishments, tourist homes, bed and breakfast establishments, hospitality villages and outfitting operations are subject to the tax on lodging.

The tax on lodging does not apply to the rental of a camp site or of an accommodation unit in an educational institution, youth hostel or resort. Nor does it apply to an accommodation unit rented for six hours or less, or for more than 31 consecutive days.

Note: The word "rental" is used in this folder instead of "supply" (the term used in legislation) since accommodation units are generally supplied by way of rental. However, rental includes all supplies of accommodation units (including supplies made by way of gift or barter).

Are you required to register?

If you operate an establishment that is subject to the tax on lodging and is located in a tourism region in which the tax applies, you are required to register for the tax.

Revenu Québec should send you certain documents to inform you about the tax. You may then either register for the tax on lodging or verify your registration (as applicable). A single registration covers all your establishments in a given tourism region.

If you have not received any documentation, and you believe you are required to collect the tax on lodging, complete form LM-1-V, *Application for Registration*, which can be obtained on our website at www.revenu.gouv.qc.ca. You can also obtain a copy of the form by calling one of the numbers indicated on the back of this publication.

The operator of a sleeping-accommodation establishment is generally the person who is responsible for the administration and upkeep of the accommodation unit(s). The operator also deals with the rental of the accommodation unit(s), advertising, regular repairs and other associated tasks. The operator can be the owner or a person to whom these tasks have been entrusted.

How to collect the tax

Billing the \$2 tax on lodging

The tax on lodging may be included in the price of the overnight stay or listed separately in the written record of the rental. If you collect GST and QST, you must calculate them on the total including the tax on lodging.

Example

Room (one night)	\$104.00
Meals	+ \$25.00
Video	+ \$9.50
\$2 tax on lodging	+ \$2.00
Subtotal	\$140.50
GST (\$140.50 x 5%)	+ \$7.03
QST (\$147.53 x 7.5%)	+ \$11.06
Total	\$158.59

Operators of a sleeping-accommodation establishment that are not GST and QST registrants (because they are small suppliers) must collect the tax on lodging. In such cases, the tax is simply added to the amount of the rental.

Example

A room is rented in a bed and breakfast establishment for one night.

Room and breakfast	\$51.50
\$2 tax on lodging	+ \$2.00
Total	\$53.50

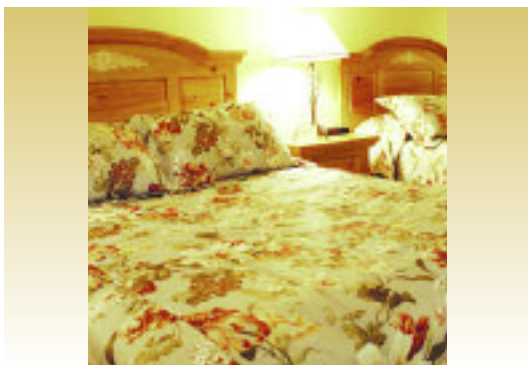
The \$2 tax must be billed every time you rent an accommodation unit, even if the unit is supplied free of charge.

Billing the 3% tax on lodging

The 3% tax is calculated only on the price of an overnight stay, regardless of what may be supplied with the sleeping accommodation and whether such supplies are included in the price. Thus, the value of breakfast, parking and other property or services supplied with the sleeping accommodation must not be included in the price on which the tax is calculated. In calculating the tax, only fractions of tax greater than or equal to \$0.005 are counted as \$0.01.

The 3% tax on lodging must be indicated in the written record of the rental in one of the following ways:

- If the price of an overnight stay **is listed** separately from the other property or services supplied, you may list the price and the amount of the 3% tax on lodging separately or indicate that the price includes the 3% tax on lodging.
- If the price of an overnight stay **is not listed** separately from the other property or services supplied, the amount of the tax must be listed separately and identified as the 3% tax on lodging.



If you collect GST and QST, you must calculate them on the total including the tax on lodging.

Example

A hotel operator rents out a room for one night and also supplies parking. There are two ways to indicate the tax.

Room	\$110.00
Parking	+ \$20.00
3% tax on lodging (\$110 x 3%)	+ <u>\$3.30</u>
Subtotal	\$133.30
GST (\$133.30 x 5%)	+ \$6.67
QST (\$139.97 x 7.5%)	+ <u>\$10.50</u>
Total	\$150.47

Room (this amount includes the 3% tax on lodging)	\$113.30
Parking	+ <u>\$20.00</u>
Subtotal	\$133.30
GST (\$133.30 x 5%)	+ \$6.67
QST (\$139.97 x 7.5%)	+ <u>\$10.50</u>
Total	\$150.47

Example

A hotel operator sells an overnight accommodation package that includes full-course dinners and breakfasts for two. The tax on lodging is calculated on the price of the overnight stay (\$105 x 3%).

Package (this amount includes the 3% tax on lodging in the amount of \$3.15)	\$213.00
GST (\$213.00 x 5%)	+ \$10.65
QST (\$223.65 x 7.5%)	+ <u>\$16.77</u>
Total	\$240.42

Example

A room is rented in a bed and breakfast establishment for one night. The tax on lodging is calculated on the price of the overnight stay (\$80 x 3%).

Room and breakfast	\$85.00
3% tax on lodging	+ \$2.40
Subtotal	\$87.40
GST (\$87.40 x 5%)	+ \$4.37
QST (\$91.77 x 7.5%)	+ \$6.88
Total	\$98.65

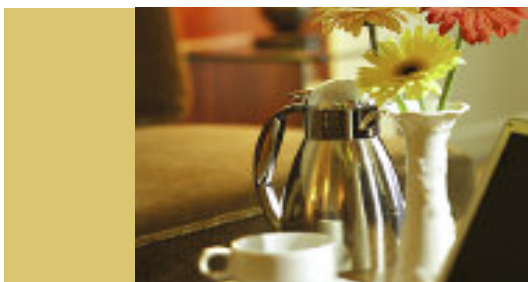
Operators of a sleeping-accommodation establishment that are not GST and QST registrants (because they are small suppliers) must collect the tax on lodging. In such cases, the tax is simply added to the amount of the rental.

Example

A room is rented in a bed and breakfast establishment for one night. The tax on lodging is calculated on the price of the overnight stay (\$46.50 x 3%).

Room and breakfast	\$51.50
3% tax on lodging	+ \$1.40
Total	\$52.90

You are not required to collect the 3% tax on lodging if an accommodation unit is supplied free of charge.



Billing a person that acquires an accommodation unit for resupply purposes

You must collect the tax on lodging in advance where an accommodation unit is billed to a person (such as a travel agent, convention organizer or social club) that acquires it for purposes of resupply for a price.

For accommodation units located in a region where the \$2 tax applies, you must add \$2 to the price of each unit supplied to such a person.

For accommodation units located in a region where the 3% tax applies, instead of calculating the tax at the rate of 3%, you must collect \$3 in advance for each unit billed.

Example

A hotel operator bills a travel agent for 20 accommodation units for one night. Subsequently, the travel agent bills the price of a room, including the tax on lodging, to each customer. The hotel operator bills the tax in one of the following ways, depending on the region where the establishment is located.

20 rooms for one night (20 x \$90)		\$1,800.00
\$2 tax on lodging (20 x \$2)	+	\$40.00
Subtotal		<u>\$1,840.00</u>
GST (\$1,840.00 x 5%)	+	\$92.00
QST (\$1,932.00 x 7.5%)	+	\$144.90
Total		<u>\$2,076.90</u>

Example (continued)

20 rooms for one night (20 x \$90)	\$1,800.00
\$3 tax on lodging (20 x \$3)	+ \$60.00
Subtotal	\$1,860.00
GST (\$1,860.00 x 5%)	+ \$93.00
QST (\$1,953.00 x 7.5%)	+ \$146.48
Total	\$2,099.48

If a unit is supplied free of charge, you must collect the \$2 tax or the \$3 tax, depending on the region. GST and QST must be calculated on this amount.



How to remit the tax on lodging to Revenu Québec

Revenu Québec is responsible for administering the tax on lodging. If you are registered for the tax, Revenu Québec will send you a return for each quarterly period. You must complete and sign the return, and file it with Revenu Québec no later than the end of the month following the calendar quarter covered by the form.

If you operate establishments in more than one tourism region in which the tax on lodging applies, you must file a separate return for each region. This ensures that the tax collected in a given region is used for the tourism industry in that region.

On the remittance slip attached to the return, indicate the amount of tax collected. You must remit the full amount payable, even if you are entitled to a credit in respect of the GST or the QST.

If you are not required to collect the tax during the quarter, enter "0" in the space marked "Amount payable."

Revenu Québec employees may, at their discretion, verify the accuracy of your returns. You should therefore keep all relevant documents, such as your invoices and the parts of your returns that are for your files, for six years following the year to which they relate.



Online services

The quickest and easiest way to contact Revenu Québec is by using our online services. It's also environmentally friendly!

You can file your consumption tax returns and make payments by Internet. You can also consult your returns and statements of account and view information concerning your payments and refunds directly onscreen.



www.revenu.gouv.qc.ca

If you file your return by Internet, do not mail any documents to Revenu Québec. You must, however, keep your documents for six years following the year to which they relate.

To contact us



By Internet

We invite you to visit our website at www.revenu.gouv.qc.ca.



By telephone

Hours of availability for telephone service

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

Information concerning individuals and individuals in business

Québec City area

418 659-6299

Montréal area

514 864-6299

Elsewhere (toll-free)

1 800 267-6299

Information concerning businesses, employers and consumption taxes

Québec City area

418 659-4692

Montréal area

514 873-4692

Elsewhere (toll-free)

1 800 567-4692

Information service for persons with a hearing impairment

Montréal area

514 873-4455

Elsewhere (toll-free)

1 800 361-3795



By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière
and Montérégie

Direction principale des services

à la clientèle des particuliers

Revenu Québec

Complexe Desjardins

C. P. 3000, succursale Desjardins

Montréal (Québec) H5B 1A4

Québec City and other areas

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3800, rue de Marly

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Businesses, employers and consumption taxes

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Montérégie, Estrie and Outaouais

Direction principale des services

à la clientèle des entreprises

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