

Calculating the GST/HST on Tour Packages

Note: This memorandum of Chapter 27 supersedes GST/HST Memorandum 27.1, *Zero-Rated Travel Services*, dated November 2006.

This memorandum explains that suppliers who sell tour packages are required to identify the various elements of the package in order to determine the amount of the goods and services tax/harmonized sales tax (GST/HST), if any, that they must collect. It also sets out the rules for determining the portions of the tour package that are subject to tax at 5%, 13% or 0% under the *Excise Tax Act* (the Act).

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 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 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.

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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Overview

1. Typically, suppliers such as tour operators purchase passenger transportation services, short-term and/or camping accommodation, sightseeing excursions, and other property and/or services which they assemble into tour packages and supply for an all-inclusive price. Suppliers who sell tour packages in Canada must prorate the selling price of a package based on the value of the taxable and non-taxable property and services included in the package in order to determine the amount of the GST/HST that they must charge.

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2. There are rules that must be applied when prorating the selling price of a tour package based on the value of the taxable property and services included in the package. Generally, taxable property and services are the property and services included in a tour package that, if supplied separately and not as part of a package, would be taxable at 5% or 13%. Before applying the rules found in section 163, the supplier must ensure that what is being supplied is a tour package.

Characterizing the supply

Meaning of tour package
ss 163(3)

3. The term “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. A tour package is a single supply of a service for GST/HST purposes.

4. The meaning of a tour package under the Act could result in a single supply that is a combination of two or more services, or of property and services, being considered a tour package for GST/HST purposes even though the package may not fit the common perception of a tour package. The reverse is also possible; that is, something that may appear to be a tour package may not, in fact, be a tour package for GST/HST purposes.

Example 1

A registrant supplies Japanese tourists with a package that includes a meal at a restaurant, a ticket to a sporting event, and the services of an interpreter. The property and services are supplied together for an all-inclusive price. Although this package may not fit the common perception of a tour package, it is a tour package for GST/HST purposes.

Example 2

A registrant supplies international students with an all-inclusive package that includes instruction in English as a second language, books and instructional materials, three meals per day, recreational activities, and accommodation. This is a supply of a service of instructing individuals in English as a second language. It is not a supply of a tour package.

5. As in any transaction, it is important to characterize properly what is being supplied in order to determine how the GST/HST applies to the particular transaction. The nature and purpose of a 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 would be wellness packages, educational and counselling packages, children’s overnight camps, sports tournaments, and concert tours. As illustrated in Example 2, one should not assume that every combination that includes elements such as passenger transportation services or accommodation is a tour package for GST/HST purposes.

Portions of a tour package

6. A tour package may include property and services taxable at different rates (i.e., 0%, 5% or 13%) if supplied separately and not as part of the tour package. The tour package may also include property and services that, if supplied separately and not as part of the tour package, would be exempt or provided outside Canada, and therefore not subject to the GST/HST.

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7. The rules that apply when dividing a single supply of a tour package into a taxable portion and a non-taxable portion, and then further subdividing the taxable portion into the non-provincially taxable portion and the provincially taxable portion are explained below.

Taxable portion

Meaning of taxable portion
ss 163(3)

8. The term “taxable portion” of a tour package means all property and services included in the tour package and in respect of which the GST/HST would be payable if the property or service were supplied otherwise than as part of the tour package (other than zero-rated supplies of property and services).

Meaning of provincially
taxable portion
ss 163(3)

9. The term “provincially taxable portion” of a tour package, in respect of a participating province, means all property and services that are included in the tour package and the supplies of which, if made otherwise than as part of the tour package, would be supplies made in the participating province for which the 13% HST would be payable.

Meaning of non-
provincially taxable portion
ss 163(3)

10. The term “non-provincially taxable portion” of a tour package means all property and services included in the taxable portion of the tour package that are not included in the provincially taxable portion of the tour package. In other words, the non-provincially taxable portion of a tour package refers to all property and services included in a tour package that, if supplied separately and not as part of the tour package, would be supplies made outside a participating province and subject to the 5% GST. The taxable portion of a tour package is equal to the non-provincially taxable portion if none of the property and services included in the tour package would be supplies made in a participating province, if supplied separately and not as part of the tour package.

11. A supplier would only have to determine the provincially taxable portion of a tour package if the package included property or services which, if supplied otherwise than as part of the tour package, would be supplied in a participating province.

Non-taxable portion

Sch. VI, Part VI, s 1

12. The non-taxable portion of a tour package includes any property or services included in the tour package that, if supplied separately and not as part of the tour package, would be zero-rated or exempt, or not subject to tax. This would include, for example, accident and sickness insurance, certain international passenger transportation services, and accommodation provided outside Canada. More information on accident and sickness insurance can be found in paragraphs 41 and 42. More information on international passenger transportation services can be found in Appendix B.

Example 3

A registrant sells a two-week package that includes a 10-day cruise from St. John's, Newfoundland and Labrador, to Iqaluit, Nunavut, two nights accommodation in St. John's, sightseeing in St. John's, two nights accommodation in Iqaluit, and sightseeing in Iqaluit. The registrant sells the package for an all-inclusive price.

All property and services included in this tour package are in the taxable portion of the package. The package includes property and services that, if supplied separately and not as part of the tour package, would be supplies made in Newfoundland and Labrador (i.e., a participating province). As a result, the registrant must determine the part of the taxable portion that is the provincially taxable portion and the part that is the non-provincially taxable portion, if any.

The property and services listed below, if supplied separately and not as part of the tour package, would be supplies made in Nunavut. They form the non-provincially taxable portion of the tour package:

- accommodation in Iqaluit; and
- the sightseeing in Iqaluit.

The property and services listed below, if supplied separately and not as part of the tour package, would be supplies made in Newfoundland and Labrador. They form the provincially taxable portion of the tour package:

- accommodation in St. John's;
- the sightseeing in St. John's; and
- 10-day cruise to Iqaluit. If supplied separately, this cruise would be supplied in Newfoundland and Labrador because the origin of the continuous journey, which includes this passenger transportation service, is in that province, and the termination and all stopovers are in Canada. (For more information on the place of supply of passenger transportation services, refer to GST/HST Memorandum 28.3, *Passenger Transportation Services*)

Note that this tour package does not have a non-taxable portion.

Separate supplies

ss 163(2) and (2.1)

13. For purposes of determining the GST/HST payable on a tour package, the provision of the non-provincially taxable portion, the provincially taxable portion, and the non-taxable portion are deemed to be supplies that are separate from, and not incidental to, the provision of the other parts, if any.

Place of supply
ss 163(2) and (2.1)

14. In addition, for purposes of determining the GST/HST payable on a tour package:

- the provision of the non-provincially taxable portion of the tour package is deemed to be a supply made outside a participating province, and therefore is taxable at 5%; and
- the provision of the provincially taxable portion of the tour package is deemed to be a supply made in the participating province, and therefore is taxable at 13%.

Sch. VI, Part VI, s 1

15. The non-taxable portion of a tour package is a zero-rated supply.

Example 4

The registrant in Example 3 sold the two-week package. For purposes of determining the GST/HST payable on the tour package, the registrant is deemed to have made separate supplies of the non-provincially taxable portion, which is taxable at 5%, and of the provincially taxable portion, which is taxable at 13%.

Taxable percentage of the relevant portion

First supplier

Meaning of first supplier
ss 163(3)

16. The term “first supplier” in respect of a tour package means the person who first supplies the tour package in Canada. For example, a person who purchases various property and services and then assembles these elements into a tour package, which the person then supplies in Canada, is the first supplier of the tour package. Similarly, a person who purchases an existing tour package and adds property and/or services to create a new tour package, which the person then supplies in Canada, is the first supplier of the new tour package.

17. A person who substitutes elements in an existing tour package that has already been sold may be the first supplier of the new tour package if the nature of the package has changed. See GST/HST Policy Statement P-249, *Agreements and Novation*, for information on when changes to an agreement result in a new agreement.

Example 5

A registrant purchased the two-week package described in Example 3 and added it to its own one-week tour package. The registrant then supplied this new three-week tour package in Canada. The registrant is the first supplier of the new three-week tour package.

Example 6

A registrant purchased the two-week package described in Example 3 and sold it to a consumer. For reasons beyond the registrant’s control, the accommodation in St. John’s was not available and the registrant had to substitute the accommodation with similar accommodation at a similar hotel in St. John’s for the same price as the original accommodation. The nature of the tour package has not changed, and therefore the registrant is not the first supplier of a new tour package.

18. The first supplier must calculate the taxable percentage for the non-provincially taxable portion of the tour package and/or the provincially taxable portion of the tour package, as the case may be, (i.e., the relevant portion).

Taxable percentage

Meaning of taxable
percentage
ss 163(3)

19. The term “taxable percentage”, at a particular time, in respect of the provincially taxable portion of a tour package or the non-provincially taxable portion of a tour package, as the case may be, (i.e., the relevant portion) means

- where the difference between the base percentage at that time in respect of the relevant portion and either the initial taxable percentage in respect of the relevant portion or the base percentage at an earlier time in respect of the relevant portion is more than 10 percentage points, the base percentage at the particular time in respect of the relevant portion, and
- in any other case, the initial taxable percentage in respect of the relevant portion.

20. Generally, the taxable percentage in respect of the relevant portion refers to the fraction that the first supplier uses to attribute the consideration for a tour package to the applicable relevant portion of the tour package for purposes of determining the GST/HST payable on that portion of the package.

21. The taxable percentage is either the initial taxable percentage or the base percentage in respect of the relevant portion. In the majority of instances, the taxable percentage in respect of the relevant portion is equal to the initial taxable percentage in respect of the relevant portion, as calculated by the first supplier, when this supplier first determines the amount to be charged for the tour package. In situations where there is a significant change in the cost of acquiring the property and services included in the package, the taxable percentage in respect of the relevant portion is equal to the base percentage.

Further information

22. More information on how to calculate the initial taxable percentage in respect of the relevant portion can be found in paragraphs 23 to 27. More information on how to calculate the base percentage in respect of the relevant portion can be found in paragraphs 28 to 32.

Initial taxable percentage

23. The first supplier of a tour package must establish which part of the tour package is the taxable portion and which part is the non-taxable portion.

24. Once the first supplier has determined the taxable portion of the tour package, it calculates the initial taxable percentages for the non-provincially taxable portion of the tour package and/or the provincially taxable portion of the tour package, as the case may be, (i.e., the relevant portion). Calculating the initial taxable percentage in respect of the relevant portion is required only once for any given tour package, that is, at the time the first supplier first determines the amount to be charged for the tour package.

Meaning of initial taxable percentage ss 163(3)

25. The term "initial taxable percentage" in respect of the provincially taxable portion of a tour package or the non-provincially taxable portion of a tour package, as the case may be, (i.e., the relevant portion) means the percentage determined, at the time the first supplier first determines the amount (i.e., the initial price) to be charged by that supplier for a supply of the tour package, by using the formula

$$A/B$$

where

A is the part of the initial price that is, at that time, reasonably attributable to the relevant portion; and

B is the initial price.

26. To calculate the initial taxable percentage in respect of the relevant portion, the first supplier divides the part of the initial cost of acquiring the property and services included in the tour package that is reasonably attributable to the relevant portion by the total initial cost of the property and services included in the package. Both amounts are net of input tax credits (ITCs).

Example 7

The registrant in Example 3 incurred the following costs when acquiring the property and services included in the tour package (net of ITCs) at the time the registrant first determined the amount to be charged for the package:

	INITIAL COSTS	
Non-provincially taxable portion of the tour package		
Accommodation and sightseeing in Iqaluit	<u>\$450</u>	
Total cost of non-provincially taxable portion		<u>\$450</u>
Provincially taxable portion of the tour package		
Accommodation and sightseeing in St. John's	\$320	
10-day cruise to Iqaluit	<u>\$1,500</u>	
Total cost of provincially taxable portion		<u>\$1,820</u>
Total cost of property and services included in the package		<u>\$2,270</u>

The initial taxable percentage for each of the relevant portions of the tour package is as follows:

	INITIAL TAXABLE PERCENTAGE
Non-provincially taxable portion ($\$450 \div \$2,270$)	20%
Provincially taxable portion ($\$1,820 \div \$2,270$)	80%

27. As indicated in paragraph 21, in most instances the taxable percentage in respect of the relevant portion is equal to the initial taxable percentage in respect of the relevant portion. Where there is a significant change in the costs of acquiring the property and services included in the tour package, the first supplier may have to use the base percentage to determine the percentage of the consideration that is attributable to the relevant portion.

Base percentage

28. The cost of acquiring the property and services included in a tour package may change between the time that the first supplier first determined the amount to be charged for the package (i.e., when the first supplier determined the initial taxable percentage) and the time when the supply of the tour package is actually made. Generally, the proportion of the costs of acquiring the property and services included in the non-provincially taxable portion of a tour package and/or the provincially taxable portion of a tour package, as the case may be, (i.e., the relevant portion) as a percentage of the cost of all property and services included in the package at a later time is referred to as the base percentage.

Meaning of base percentage ss 163(3)

29. The term “base percentage”, at any time, in respect of the provincially taxable portion of a tour package or the non-provincially taxable portion of a tour package, as the case may be, (i.e., the relevant portion) means the percentage determined by the formula

$$A/B$$

where

A is the part of the amount (i.e., the base price) that would be charged by the first supplier of the tour package for a supply at that time of the tour package that is, at that time, reasonably attributable to the relevant portion; and

B is the base price.

30. To calculate the base percentage for the relevant portion at a particular time, the first supplier divides the part of the cost of acquiring the property and services included in the tour package that is reasonably attributable to the relevant portion at that time by the total cost of all property and services included in the tour package at that particular time. Both amounts are net of ITCs.

Example 8

At the time the registrant in Example 7 supplied the tour package, the cost of acquiring the property and services included in the tour package had changed, as follows:

	INITIAL COSTS	REVISED COSTS
Non-provincially taxable portion of the tour package		
Accommodation and sightseeing in Iqaluit	<u>\$450</u>	<u>\$445</u>
Total cost of non-provincially taxable portion	<u>\$450</u>	<u>\$445</u>
Provincially taxable portion of the tour package		
Accommodation and sightseeing in St. John's	\$320	\$265
10-day cruise to Iqaluit	<u>\$1,500</u>	<u>\$1,250</u>
Total cost of provincially taxable portion	<u>\$1,820</u>	<u>\$1,515</u>
Total cost of property and services included in the package	<u>\$2,270</u>	<u>\$1,960</u>

The initial taxable percentage and base percentage for the relevant portions of the tour package are as follows:

	INITIAL TAXABLE PERCENTAGE	BASE PERCENTAGE	DIFFERENCE
Non-provincially taxable portion	20%	23%	3 percentage points
Provincially taxable portion	80%	77%	3 percentage points

Since the difference between the base and initial taxable percentages in respect of the non-provincially taxable portion of the tour package is not more than 10 percentage points at the time the supply was made, the initial taxable percentage is used as the taxable percentage for purposes of determining the GST payable on the non-provincially taxable portion of the package.

Similarly, since the difference between the base and initial taxable percentages for the provincially taxable portion of the tour package is not more than 10 percentage points, the initial taxable percentage is used as the taxable percentage for purposes of determining the HST payable on the provincially taxable portion of the tour package.

Had the difference between the base and initial taxable percentages for a relevant portion been more than 10 percentage points, then the base percentage would have been used as the taxable percentage for purposes of determining the tax payable on that particular portion of the tour package.

31. In practice, the first supplier does not have to calculate the base percentage in respect of the relevant portion of a tour package if there has not been any change in the cost of acquiring the property and services included in the package since the time the supplier first determined the amount to be charged for the package (i.e., where there is no change in the initial cost of acquiring the property and services included in the tour package).

Adding property/services to a tour package

32. A registrant who takes an existing tour package and adds property and/or services to it in order to assemble a new tour package becomes the first supplier of this new package, if it then supplies the package in Canada. As the first supplier, the registrant must calculate the initial taxable percentage in respect of the relevant portions of the new tour package at the time it first determines the amount to be charged for the supply. The registrant will then have to determine the base percentage in respect of the relevant portions of the new tour package at the time a supply is made (if there has been a change in its costs of acquiring the property and services included in the package) in order to determine which percentage to use as the taxable percentage for purposes of determining the tax payable on the relevant portion.

Determining the consideration for the taxable portion

Consideration for portions of tour package – first supplier para 163(1)(a)

33. When a supply of a tour package is made by the first supplier, the consideration for the supply of the non-provincially taxable portion of the tour package and/or the provincially taxable portion of the tour package, as the case may be, (i.e., the relevant portion) is determined by the formula

$$A \times B$$

where

A is the taxable percentage in respect of the relevant portion at the time the supply is made; and

B is the total consideration for the entire tour package.

Example 9

Assume that the registrant in Example 8 is the first supplier of the tour package. The package was sold for \$2,724. As discussed in Example 8, the cost of acquiring the property and services included in the tour package changed from the time the registrant first determined the amount to be charged for the package. The difference between the base and initial taxable percentages for each of the relevant portions is not more than 10 percentage points, and therefore the taxable percentage for each relevant portion is equal to the initial taxable percentage for each relevant portion. The consideration for the respective relevant portions is calculated as follows:

	NON-PROVINCIALY TAXABLE PORTION	PROVINCIALY TAXABLE PORTION
Consideration for the supply of the tour package	\$2,724	\$2,724
Taxable percentage	20%	80%
Consideration for the relevant portion	<u>\$544.80</u>	<u>\$2,179.20</u>

The registrant would charge the following amounts with respect to the supply of the tour package:

Consideration for the supply of the tour package	\$2,724.00
GST (\$544.80 × 5%)	27.24
HST (\$2,179.20 × 13%)	<u>283.30</u>
Total	<u>\$3,034.54</u>

Consideration for portions of tour package – subsequent supplier para 163(1)(b)

34. When a supply of a tour package is made by a person other than the first supplier (i.e., a subsequent supplier), the consideration for the supply of the relevant portion is determined by the formula

$$A \times B$$

where

A is the percentage that the consideration for the supply to the subsequent supplier of the relevant portion is of the total consideration paid or payable by the subsequent supplier for the entire tour package; and

B is the total consideration paid or payable to the subsequent supplier for the entire tour package.

The result is that the subsequent supplier uses the same percentage for each portion that the first supplier used.

Example 10

A subsequent supplier purchased the tour package described in Example 9 for resale to a consumer. The registrant in Example 9 charged, and the subsequent supplier paid, \$2,724 for the tour package.

The registrant in Example 9 informed the subsequent supplier that it used the following taxable percentages in respect of the supply of the tour package:

- 20% for the non-provincially taxable portion; and
- 80% for the provincially taxable portion.

The subsequent supplier sells the tour package to a consumer for \$3,269 and uses the same percentages to determine the consideration for the relevant portion:

Consideration for non-provincially taxable portion ($\$3,269 \times 20\%$)	\$653.80
Consideration for provincially taxable portion ($\$3,269 \times 80\%$)	\$2,615.20

The subsequent supplier charges the following amounts with respect to the supply of the tour package to the consumer:

Consideration for the supply of the tour package	\$3,269.00
GST ($\$653.80 \times 5\%$)	32.69
HST ($\$2,615.20 \times 13\%$)	<u>339.98</u>
Total	<u>\$3,641.67</u>

Documentation

35. The first supplier of a tour package must maintain documentation to show how the taxable percentage of the package was calculated.

Additional information

36. For information on:

- GST/HST rebates for non-residents that purchase tour packages and for non-resident non-registered tour operators that purchase short-term and/or camping accommodation and sold it as part of an eligible tour package, see GST/HST Memorandum 27.3, *Foreign Convention and Tour Incentive Program – Rebate for Eligible Tour Packages and Accommodation Supplied as Part of Eligible Tour Packages*;
- when a supply is made in or outside Canada, see GST/HST Memorandum 3.3, *Place of Supply*; and
- when a passenger transportation service would be zero-rated if the service was supplied separately and not as part of a tour package, see GST/HST Memorandum 28.3, *Passenger Transportation Services*.

Insurance

37. Pursuant to section 1 of Part VII of Schedule V, most supplies of financial services are exempt. Subsection 123(1) defines financial service to include the issuance of a financial instrument such as an insurance policy.

38. The supply of an insurance policy by an insurer (i.e., generally a person who is licensed under the laws of Canada or a province to carry on an insurance business) to a traveller is generally exempt. This is also the case where a tour operator acts as agent in making a supply of an insurance policy on behalf of an insurer to a traveller (i.e., where the insurance is not included in a tour package). In addition, any commission paid to a tour operator for having acted as an agent in making a supply of an insurance policy on behalf of an insurer is generally exempt.

39. Where a tour operator has purchased an insurance policy from an insurer which provides blanket coverage for all its tours the payment made by the tour operator to the insurer is consideration for an exempt supply. Where the tour operator includes insurance in its tour package, as with the other elements of the tour package, the tour operator must determine the tax status of the insurance as if it had supplied the insurance separately to the purchaser, and not as part of the tour package.

40. Insurance (other than accident and sickness insurance) that is supplied separately by a tour operator to a purchaser is generally taxable at 5% or 13%, and therefore when supplied as part of a tour package, would be included in the taxable portion of the package. Where this is the case, the tour operator would have to determine whether the insurance would be included in the non-provincially or provincially taxable portion of the package.

Accident and sickness insurance

41. The supply of a policy or contract in the nature of accident and sickness insurance is generally exempt regardless of whether the policy is issued, or the contract is entered into, by an insurer or by a person who is not an insurer (e.g., a tour operator). Therefore, accident and sickness insurance included in a tour package would be included in the non-taxable portion of the package.

Combined insurance

42. If the insurance has some exempt (e.g., accident and sickness insurance) and some taxable elements (e.g., trip cancellation insurance, personal property insurance), then the comprehensive travel or trip insurance included in the tour package would be included in the taxable portion of the package.

Enquiries by telephone

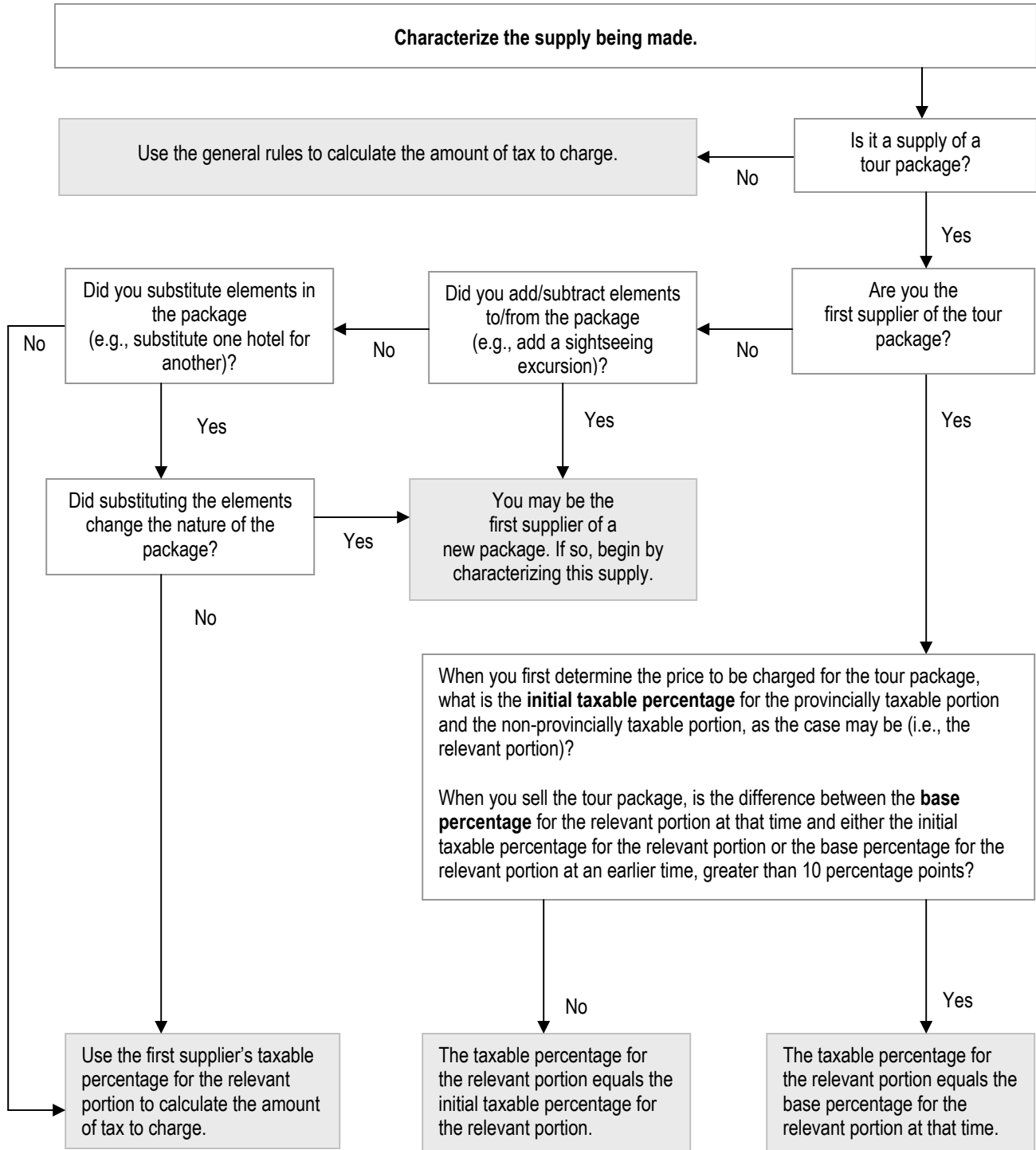
Technical enquiries on the GST/HST: 1-800-959-8287

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/gsthsttech.

Appendix A – Characterizing the supply being made



Appendix B – Certificate of zero-rated entitlement

The taxable portion of a tour package means all property and services included in the package on which the GST/HST would be payable if the property or service were supplied otherwise than as part of a tour package (other than zero-rated supplies of property and services). Generally, the supply of a domestic passenger transportation service is included in the taxable portion of a tour package.

There may be situations where the supply of a domestic passenger transportation service is included in the non-taxable portion of a tour package. This may be the case where a tour operator purchases a domestic passenger transportation service from a registered supplier, and then provides the service to an individual as part of a single supply of a tour package. If the domestic transportation service were supplied separately and not as part of a tour package, the service might be a zero-rated leg of a continuous journey supplied to that individual. Generally, the journey must be an international continuous journey. More information on determining whether a passenger transportation service is a leg of an international continuous journey can be found in Memoranda 28.3, *Passenger Transportation Services*.

A tour operator may purchase a domestic passenger transportation service that is a leg of an international continuous journey from a registered supplier, on a zero-rated basis, where the tour operator provides the supplier with sufficient documentation such as a certificate of zero-rated entitlement, a tour itinerary and a passenger list. With respect to this documentation:

- the tour itinerary must describe all elements of the passenger transportation services (including those provided by the registered supplier) that form the international continuous journey, including the origin, destination, stopovers, arrival and departure dates, and all modes of conveyance; and
- the passenger list must contain the names and addresses of the travellers. However, if the supplier agrees, the tour operator can keep the passenger list and provide it on request.

Below is an example of a certificate of zero-rated entitlement that a tour operator may use when purchasing a domestic passenger transportation service that is a leg of an international continuous journey from a supplier.

To: _____
(Name and address of registered supplier of transportation service)

We hereby certify that the following transportation services that we have purchased from you, namely:

(Detailed description of the required services the registered supplier will provide)

will be included in one or more tour packages, and will qualify for zero-rated status under the *Excise Tax Act*. We will pay the GST/HST in respect of any transportation service found to be taxable at 5% or 13% during an audit of _____.
(Name of registered supplier)

Dated at _____ this _____ day of _____, _____.

(Name and address of tour operator)

(Signature of tour operator or authorized representative)

(Name of authorized representative – please print)

(Title of authorized representative)

If presented with a certificate of zero-rated entitlement, a supplier should:

- determine if the conditions for zero-rating its transportation services are met. If the conditions are not met, the supplier must charge the GST/HST; and
- maintain sufficient documentary evidence that the tour operator resold the services on a zero-rated basis. The supplier will have to decide whether the information provided to it is sufficient because the supplier may be assessed if sufficient documentation has not been maintained.