



# Provincial Sales Tax (PST) Bulletin

Bulletin PST 120

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## Accommodation

### Provincial Sales Tax Act

*The revision bar ( | ) identifies changes to the previous version of this bulletin dated July 2018. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how PST and MRDT apply to sales of accommodation in BC.

For information on how to complete your PST and MRDT returns, see our online guides [Completing the Provincial Sales Tax Return](#) and [Completing the Municipal and Regional District Tax Return](#).

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## **PST and MRDT on Accommodation**

### **8% PST on Accommodation**

PST of 8% applies to sales of short-term accommodation provided in BC, unless a specific exemption applies.

### **Up to 3% MRDT on Accommodation**

In addition to the 8% PST, the up to 3% MRDT applies on behalf of municipalities, regional districts and eligible entities to sales of short-term accommodation provided in participating areas of BC. The MRDT applies in the same manner as the 8% PST on accommodation.

The MRDT is charged in participating areas to raise revenue primarily for tourism marketing, programs and projects. If your area has recently started participating in the MRDT program, or has changed the MRDT rate that applies, see [Changes to Accommodation Areas or MRDT Rate](#) below. For a list of participating areas and their tax rates, see [MRDT Participating Municipalities, Regional Districts and Eligible Entities](#) below.

**Note:** The maximum MRDT rate is 3%. To increase the rate in their area, participating municipalities, regional districts and eligible entities must submit an application to [Destination BC](#). A tax rate increase will only take effect after an application has been approved by regulation.

## **Taxable and Exempt Accommodation**

### **Definitions**

For the purpose of the PST and MRDT:

**Accommodation** includes lodging provided in:

- Hotels, motels, resorts, boarding houses, rooming houses, bed and breakfast establishments
- Lodging houses, bunkhouses, cabins, condominiums, dormitories, hostels, mobile homes and vacation homes
- Dwellings operated by clubs or associations, whether or not a membership is required for the use of the dwelling
- Ships and trains while the ship or train is not in transit or is not making a scheduled stopover in BC
- Stationary vehicles
- Residential dwellings (all or part)

A **residential dwelling** is:

- A house, cottage or another detached dwelling
- A duplex, apartment, condominium, townhouse
- A multi-use building that is used for residential use
- Land that is attributable to one of the above buildings

An **online accommodation platform** is an online marketplace that enables or facilitates transactions for accommodation located in BC. Online classified advertising or listing services

that do not collect payment on behalf of the person offering the accommodation are not online accommodation platforms for the purposes of PST and MRDT.

## Taxable Accommodation

PST and MRDT (in participating areas) apply to sales of short-term accommodation provided in BC, unless a specific exemption applies.

## Exempt Accommodation

PST and MRDT do not apply to accommodation provided:

- By a person who:
  - does not list the accommodation on an online accommodation platform,
  - has a gross revenue of less than \$2,500 from the accommodation in the previous 12 months, and
  - reasonably estimates a gross revenue of less than \$2,500 in the next 12 months.
- If the charge for a unit of accommodation is \$30 or less per day, or \$210 or less per week (unless the accommodation is listed on an online accommodation platform).
- To the same person for a continuous period of 27 days or more (see Accommodation Provided for a Continuous Period of 27 Days or More below).
- In industrial camps in certain situations (see Sales of Accommodation in Industrial Camps below).
- By a religious or charitable organization at a summer camp or similar place.
- Without any of the following amenities: bed linen, electricity, indoor plumbing or heat. (**Note:** you are not providing heat if you only provide a wood-burning fireplace or wood-burning stove). If one or more of the listed amenities is provided, the accommodation is taxable.
- In tents.
- In hospitals, assisted living residences as defined in the [Community Care and Assisted Living Act](#), and in long-term residential care facilities.
- In a ship or train while the ship or train is in transit or is making a scheduled stopover in BC.
- Without a bed in certain situations (see Rooms that do not Contain a Bed below).

Accommodation is also exempt when purchased by:

- A First Nations individual or band on First Nations land (see Sales of Accommodation to First Nations Individuals and Bands below)
- The Government of Canada – exempt from PST only, not MRDT (see Sales to the Provincial or Federal Governments below)
- Members of the diplomatic or consular corps – exempt from PST and MRDT (see Sales of Accommodation to Members of the Diplomatic or Consular Corps below)

For more information, see Exempt Sales of Accommodation below.

## Units of Accommodation

A unit of accommodation is the basic unit sold to your customer. For example, in a hotel or motel, a unit of accommodation is generally a room or suite. A unit of accommodation in a hostel or dormitory is generally a bed.

## Registration

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You must register for the PST and MRDT (if applicable) if you sell accommodation in BC, **unless you:**

- sell only exempt accommodation (see Exempt Accommodation above), or
- only list your accommodation on an online accommodation platform that is registered to collect PST and MRDT.

If you list your accommodation on an online accommodation platform that is registered to collect PST and MRDT **and** also list the accommodation using other methods, you must register to collect PST and MRDT.

You do not need to separately register for the MRDT. If you sell accommodation in an area that has an MRDT, your PST number will also be your MRDT number.

### Example 1:

You own a house in Victoria. You ordinarily live in the house but list it on an online accommodation platform while you are on vacation. The online accommodation platform is registered to collect PST and MRDT. You do not advertise the accommodation anywhere else. You are not required to register to collect PST or MRDT because the online accommodation platform will collect the tax.

### Example 2:

You own a condominium in Vancouver. You list the accommodation on both an online accommodation platform that is registered to collect PST and MRDT and on your own website. You must register to collect PST and MRDT. The online accommodation platform will collect the tax for sales you make through the platform. You must collect the tax for sales you make through your website.

### Example 3:

You own a cabin in Tofino. You sell accommodation in the cabin by listing it on an online accommodation platform that is registered to collect PST and MRDT and also in the local tourism periodical. You must register to collect PST and MRDT. The online accommodation platform will collect the tax for sales you make through the platform. You must collect the tax for sales you make through other means.

### Example 4:

You provide short term lodging in the suite of your residential dwelling but do not list the suite on an online accommodation platform. Your gross revenue from the suite is less than \$2,500 every 12 months. You are not required to register to collect the tax because the accommodation you sell is under the \$2,500 threshold (see Exempt Accommodation above).

### Example 5:

You own a residential dwelling in BC and sell short term accommodation. You list the accommodation on an online accommodation platform that is not registered to collect PST and MRDT. You must register to collect PST and MRDT.

## Online Accommodation Platforms

If you are an online accommodation platform located in BC (unless you are a classified advertising or listing service that does not collect payment), you **must** register to collect PST and MRDT on accommodation sold using your platform.

If you register to collect PST and MRDT, you must report sales and tax collected separately for each area in which you sell accommodation where MRDT applies.

If you are an online accommodation platform located outside of BC, you may register to collect PST and MRDT on accommodation sold using your platform.

## How to Register

You can apply to register with us using any of the following options:

- **Online:** Register online using [eTaxBC](#) (see our webpage [Register to Collect PST](#) for more information)
- **In Person:** Register at your local [Service BC Centre](#)
- **By Fax or Mail:** Complete a paper *Application for Registration for Provincial Sales Tax* ([FIN 418](#)) and mail or fax it to us

## Charging PST and MRDT

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How PST and MRDT apply to accommodation sold in BC changed on October 1, 2018. If you have sales that straddle October 1, 2018, see the Latest Revision section at the end of this bulletin for a summary of the changes. If you are unsure of whether PST and MRDT apply in a particular situation, please [contact us](#).

You charge PST and MRDT at the time the tax is payable, unless a specific exemption applies.

## When PST and MRDT are Payable

PST and MRDT are generally payable when the purchase price, or any portion of the purchase price, is paid or becomes due, whichever is earlier. The purchase price, or any portion of the purchase price, generally becomes due the **earliest of**:

- The day you first issue an invoice for the sale
- The date of the invoice
- The day you would have, but for undue delay, issued the invoice
- The day your customer must pay the purchase price under a written agreement

**Note:** Deposits are not subject to PST and MRDT until you apply the deposit towards the purchase price of the accommodation.

## Calculating the PST and MRDT

You calculate the PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional charges for extra beds, cots, cribs, linens and pets, but not including the goods and services tax (GST).

### Example:

Your hotel is located in Victoria, which is subject to a 3% MRDT, and you provide a room in your hotel for \$200 per night. Your guest pays:

Purchase Price	\$200
PST (\$200 x 8%)	\$ 16
<u>MRDT (\$200 x 3%)</u>	<u>\$ 6</u>
Total (not including GST)	\$222

The 8% PST and the MRDT are not included in the purchase price for determining the amount of GST payable. This means you do not charge GST on either the PST or MRDT. For questions on the GST, contact the Canada Revenue Agency (CRA) at 1-800-959-5525 or visit the [CRA](#) website.

You charge PST and MRDT at the time you sell the accommodation. The PST and MRDT apply whether or not your guest is a resident of BC.

The PST and MRDT must appear as separate line items on all your invoices.

## Regional Destination Marketing Fees and Similar Charges

If your region charges a regional destination marketing fee or similar charge on sales of accommodation, this fee or charge is subject to both the PST and MRDT.

### Example:

Your hotel is located in Vancouver, which is subject to a 3% MRDT and you participate in a destination marketing fee, and you provide a room in your hotel for \$200 per night. Your guest pays:

Purchase Price	\$200.00
Destination Marketing Fee	\$ 2.59
PST (\$202.59 x 8%)	\$ 16.21
<u>MRDT (\$202.59 x 3%)</u>	<u>\$ 6.08</u>
Total (not including GST)	\$224.88

## Sales of Accommodation to Tourism Agents

A tourism agent is a person who purchases accommodation and packages the accommodation as part of a tourism service they sell to their customers.

If you sell accommodation to a tourism agent, or have an arrangement with a tourism agent to sell accommodation at your establishment, you charge PST and MRDT on the amount you bill the tourism agent for the accommodation. In this situation, the tourism agent is the taxable purchaser of the accommodation.

The tourism agent may add a mark-up to the amount charged to the customer, but does not charge PST or MRDT on its invoices to the customer.

## Discounts, Coupons or Reduced Rates

If you accept coupons or provide discounts or reduced rates either to particular guests or as part of a general advertising campaign, you charge PST and MRDT as follows.

- If a third party (e.g. a franchiser) reimburses you for the discount, you charge PST and MRDT on the full price of the accommodation before the reduction.
- If a third party does not reimburse you for the discount, you charge PST and MRDT only on the consideration actually received from your guest (e.g. the discounted or reduced rate).

## Providing Accommodation in Exchange for Services

If you provide accommodation to someone who is providing you with services, you are providing the accommodation as full or partial consideration for the purchase of the service. This means you must charge the service provider PST and MRDT on the accommodation provided.

Additionally, if the service you are receiving is a **taxable** related service, the service provider must charge you PST on the total consideration for the service, including the value of the accommodation provided. If the service provider does not charge you PST, you must self-assess (pay directly to us) the PST due.

### Example 1:

A person or hotel contracts with a service provider to service the free standing televisions located in guest rooms. They will provide the service provider one night of accommodation plus \$800 as consideration for the service. Although the contract does not state the value of the room, the room is typically offered at rates between \$200/night and \$300/night.

The service provider is purchasing accommodation and must pay PST on 8% of \$200 and, where applicable, 2% or 3% MRDT.

The person or hotel is purchasing a taxable related service (television repair). They must pay PST on the total consideration paid for the service. In this situation, the total consideration for the service is \$1,000 (\$800 in money and \$200 in accommodation). Therefore, they must pay \$70 in PST (7% of \$1,000).

### Example 2:

A hotel contracts with an entertainer who will be performing at the hotel's casino. The hotel will provide the service provider one night of accommodation plus \$20,000 as consideration for the service. Although the contract does not state the value of the room, the hotel typically offers the room at rates between \$1,000/night and \$1,500/night.

The service provider is purchasing accommodation and must pay PST on 8% of \$1,000 and, where applicable, 2% or 3% MRDT.

The hotel is purchasing a non-taxable service and does not pay PST.

## Room Cancellation Charges

If a guest makes a deposit to reserve a room and then cancels the reservation, you do not charge PST and MRDT on the deposit or cancellation charge because a sale of accommodation has not taken place.

## Sales to the Provincial or Federal Governments

**Sales to Provincial Government:** You charge PST and MRDT on sales of accommodation to the Government of British Columbia and its employees.

**Sales to Government of Canada:** You charge MRDT on sales of accommodation to the Government of Canada, all federal Crown Corporations and agencies and their employees.

You **do not** charge PST on sales of accommodation billed to the Government of Canada if the relevant department of the federal government supports its exemption claim with its PST registration number.

All federal government departments may claim the PST exemption. There are some federal boards, agencies and commissions that do not qualify and must pay PST. The federal entities that do not qualify are listed in [Schedule I](#) of the *Federal-Provincial Fiscal Arrangements Act* (Canada), and in Part I or Part II of [Schedule III](#) of the *Financial Administration Act* (Canada). If a federal entity is not listed on either of these schedules, they qualify for exemption.

The exemption does not extend to purchases by third parties, such as those by employees of either the federal government or an eligible federal entity.

For more information on sales to municipal governments, territories and First Nations governments, see [Bulletin CTB 002, Sales and Leases to Governments](#).

## Reporting and Remitting PST and MRDT

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You must report and pay to us any PST and MRDT you charge, whether or not you have actually collected it from your customer. You must report the PST and MRDT on separate returns; however, you may remit a single payment to cover both returns.

For more information on how to report and pay PST and MRDT, including reporting periods, due dates and commission rates, see our [Reporting and Paying Tax](#) webpage.

## Exempt Sales of Accommodation

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### Sales of Accommodation for Resale

If you sell accommodation to a person who is purchasing the accommodation for resale (e.g. another hotel purchases a room in your hotel for their guests' use when their own rooms are full), you can sell the accommodation exempt of PST and MRDT if the purchaser provides you with their PST number. If they do not have a PST number, they must provide you with a *Certificate of Exemption – General* ([FIN 490](#)).



If the purchaser uses the accommodation they purchased for resale for their own use (e.g. they allow an employee to use the room at no charge), PST and MRDT apply to the purchase price of the accommodation and they must self-assess the PST and MRDT due.

**Note:** Tourism agents cannot purchase accommodation for resale exempt from PST and MRDT. For more information, see Sales of Accommodation to Tourism Agents above.

## **Accommodation Provided for a Continuous Period of 27 Days or More**

You do not charge PST and MRDT if you provide accommodation for a continuous period of 27 days or more in the following situations.

- You provide the accommodation to an individual who is not a tourism agent and the unit is occupied for a continuous period of 27 days or more by:
  - the individual,
  - their employees,
  - members of the individual's family, or
  - members of the individual's employees' families.
- You provide the accommodation to a tourism agent and the unit is occupied for a continuous period of 27 days or more by the same customer of the tourism agent.
- You provide the accommodation to a person who is not an individual or a tourism agent (e.g. to a corporation or society) and the unit is occupied for a continuous period of 27 days or more by:
  - their employees, or
  - members of the employees' families.

### **Providing the Exemption**

If you bill for a period of 27 days or more, you do not charge PST and MRDT at any time. However, if you bill for shorter periods, such as weekly or bi-weekly, or the guest pre-pays for less than 27 days of accommodation, you charge PST and MRDT. If the same guest occupies the accommodation for a period of 27 days or more, your guest may apply to us for a refund of the PST and MRDT already paid. You must not refund the PST and MRDT paid by the guest. Once the guest's stay has exceeded 26 days, you do not charge PST and MRDT on the remainder of the stay.

For example, a guest books and pre-pays for a three week stay. You charge your guest the PST and MRDT. At the end of the three weeks, your guest decides to stay for an additional 2 weeks. This makes their total stay more than 27 days. Your guest may be entitled to a refund of the PST and MRDT already paid, but they will have to apply to us for this refund. You must not refund this tax to your guest. You do not charge your guest PST or MRDT for the additional two weeks of their stay.

### **Providing a Fixed Number of Rooms to Your Customer**

If a business or organization purchases a fixed number of rooms for their employees, all for a continuous period of 27 days or more, the same rules apply. However, if the number of rooms purchased varies, only the rooms continuously purchased for a period of 27 days or more are exempt from tax. For example, if an airline purchases 40 rooms, but only 30 are purchased continuously for a period of 27 days or more, you charge PST and MRDT on the 10 rooms not purchased for 27 days or more. You do not charge PST and MRDT on the 30 rooms purchased continuously for a period of 27 days or more.

**Note:** The exemption still applies if the employees switch rooms or use different rooms during the period. For example, a business purchases 30 rooms for a continuous period of 27 days or more from a hotel that has 100 rooms. For the purposes of the exemption, any of the hotel's 100 rooms could be used on any given night during that period to fulfill their contract with the business.

## Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers.

PST and MRDT do not apply to sales of accommodation provided at an industrial camp if **all** the following criteria are met.

- The accommodation is provided to an employee of an employer or to another person engaged by the employer
- The accommodation is provided in a bunk house, trailer or other dwelling that is operated at an industrial camp
- The accommodation at the industrial camp is operated by or on behalf of the employer or under a contract with the employer
- The accommodation at the industrial camp is operated solely for the purpose of providing lodging substantially (i.e. over 90%) to the employees of the employer or to other persons engaged by the employer
- The accommodation is provided during periods when those employees or persons are performing work or services for the employer

If you operate an industrial camp and occasionally sell accommodation to backpackers, other travellers or government employees, you must charge PST and MRDT to these purchasers unless an exemption applies (e.g. there are no amenities provided). For more information, see Exempt Accommodation above.

## Sales of Accommodation to Employees

If you provide accommodation in premises normally operated by or on behalf of an employer to provide lodging to the employer's employees, you do not charge PST or MRDT.

## Accommodation Provided at no Charge

If you provide accommodation at no charge, you do not charge PST or MRDT.

**Note:** If you provide accommodation at no charge to someone performing a related service, you are providing the accommodation as partial consideration for the purchase of the service. This means you must charge PST and MRDT on the accommodation you provide and pay PST on the service you receive if it is a taxable related service. See Providing Accommodation in Exchange for Services above for details and examples.

## Rooms That do Not Contain a Bed

If you provide rooms that do not contain a bed (e.g. to display merchandise, to entertain or to hold a meeting, dinner or reception), you are not selling accommodation and you do not charge PST and MRDT. This exemption does not apply when you provide:

- a room that does not contain a bed along with a connecting room or suite that does contain a bed, or
- a room that contains a hide-a-bed, cot or similar item that is available for use.

## **Sales of Accommodation to First Nations Individuals and Bands**

You do not charge PST and MRDT on sales of accommodation to a First Nations individual or band if the accommodation is provided wholly on First Nations land.

For more information, see [Bulletin PST 314](#), *Exemptions for First Nations*.

## **Sales of Accommodation to Members of the Diplomatic or Consular Corps**

You do not charge PST and MRDT on sales of accommodation to persons who qualify as members of the diplomatic or consular corps.

For more information, see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*.

## **Taxable Value of Accommodation Provided with Meals**

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### **Accommodation Provided with Meals for a Single Price**

In this section, meals do not include continental breakfasts or snacks.

If you sell accommodation for a single price that includes one or more meals per day (i.e. within a 24-hour period from check-in), you charge PST and MRDT as follows:

- If you sell accommodation for a single price that includes a meal or meals, but you also offer accommodation without meals, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals.
- If you sell accommodation for a single price that includes one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meal), you charge PST and MRDT on the total purchase price.
- If you sell accommodation for a single price that includes more than one meal, and you do not offer accommodation without meals (i.e. the guest does not have a choice of paying for the meals), you charge PST and MRDT on 60% of the total purchase price.

## **Taxable Value of Accommodation Provided with Meals and Services**

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You charge PST and MRDT as outlined below if you sell accommodation for an all-inclusive price that includes meals **and** services.

### **All-inclusive Price If Accommodation is Also Offered Without Meals and Services**

If you sell accommodation for an all-inclusive price that includes meals and services, but you also offer accommodation without meals and services, you charge PST and MRDT based on the purchase price at which you offer accommodation without the meals and services.

**Example 1:**

Cost of 2-night, 3-day hotel and spa package, single occupancy	\$450.00
Cost of accommodation per night when sold without package, single occupancy	\$100.00
PST payable on 2 nights' accommodation included with the package \$100 x 2 nights x 8% =	\$16.00
MRDT payable on 2 nights' accommodation included with the package (assumes MRDT applies and is 2%) \$100 x 2 nights x 2% =	\$4.00

**All-inclusive Price If Accommodation is Not Offered Without Meals and Services**

If you sell accommodation for an all-inclusive price that includes meals and services, and you do not offer accommodation without meals and services (i.e. you only sell all-inclusive packages), you charge PST and MRDT on the taxable value of the accommodation, which is the lesser of:

- 15% of the all-inclusive price
- \$100 per day

**Example 2:**

Cost of 3-night, 4-day yoga retreat package	\$4,000.00
Taxable value of accommodation is the lesser of:	
▪ 15% of purchase price \$4,000 x 15% =	\$600.00
and	
▪ \$100 per day calculated on each night of accommodation purchased 3 nights x \$100 =	\$300.00
PST payable on the lesser of the above \$300 x 8% =	\$24.00
MRDT payable on the lesser of the above (assumes MRDT applies and is 2%) \$300 x 2% =	\$6.00

If the taxable value of the accommodation is \$30 or less per day, as calculated above, the accommodation may qualify for the exemption for accommodation sold for \$30 or less (see Exempt Accommodation above).

**Sales of PST Taxable Goods**

Accommodation providers who sell taxable goods must charge PST on those goods. This includes toiletries, towels, robes, souvenirs and liquor sales. This also includes sales of goods outside the ordinary course of business, including sales of business assets, such as office equipment and furniture. The tax rate on liquor is 10% while the general PST rate on other taxable goods is 7%. For more information, see the [Small Business Guide to PST](#).

### **Exception – Goods Provided with Accommodation**

You do not charge your customers PST on goods you provide as part of a purchase of accommodation if:

- the main purpose of your contract is for accommodation and not for the goods,
- there is no separate charge for the goods, and
- the total price for the accommodation including the goods is the same or only marginally different from the price you would have charged if the goods were not provided.

For example, you do not charge PST on soap, shampoo, lotion, sewing kits, shower caps, tissue, pens, paper, disposable cups and other items you provide to your guests as part of the accommodation if the criteria listed above are met.

You also do not charge your customers PST on goods you allow your customer to use as part of a purchase of accommodation if there is no separate price for the right to use the goods, such as towels, robes, coffee machines, ceramic mugs and glassware.

As the accommodation provider, you must pay PST on these goods.

### **Internet Access, Long Distance Telephone Calls and In-room Movies**

You do not charge PST on charges for telecommunication services (e.g. Internet access, long distance telephone service or in-room movies provided in an intangible format, such as pay-per-view) you provide in relation to a sale of accommodation. However, you pay PST when you purchase these services from your provider, unless a specific exemption applies. For more information, see [Bulletin PST 107](#), *Telecommunication Services*.

You charge 7% PST on these charges if they are not provided in relation to a sale of accommodation (e.g. they are provided to a customer who is using a room to display merchandise or to entertain or hold a meeting, dinner or reception). You also charge 7% PST if you lease movies to your customers in a tangible format (e.g. on a DVD) or you charge your customers a fee to play video games.

## **Residential Energy Products**

Residential energy products obtained for residential use in a residential dwelling are exempt from PST. Residential energy products are:

- Butane
- Electricity
- Heat, including transferred energy that results in cooling
- Heating oil that is coloured within the meaning of section 16.1 of the *Motor Fuel Tax Act*
- Kerosene
- Methanol
- Naphtha
- Natural gas
- Steam

However, residential energy products obtained for non-residential use (e.g. business or commercial use such as providing short term accommodation) are subject to 7% PST (except

electricity, which is taxed at 3.5% effective January 1, 2018 – see [Bulletin PST 203](#), *Energy, Energy Conservation and the Ice Fund Tax*).

Some accommodation providers offer accommodation in a multi-use building that is used for both residential and non-residential purposes (e.g. a bed and breakfast). The residential use part of the building does not include those parts containing the accommodation units, common areas used mostly by your guest, and areas of the building you use as an office for the business.

You are exempt from PST on residential energy products obtained **solely** for residential use if the following criteria are met.

- The residential energy product is delivered or provided to a residential dwelling, a multi-use building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling.
- In the case of a delivery or provision of an energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

**Note:** You pay PST when you obtain residential energy products for a multi-use building if the residential use portion is not separately metered or the energy product is not delivered to a separate storage tank or facility. However, you may apply for a refund of the PST paid on the portion of the residential energy product that can reasonably be attributed to residential use in a residential dwelling.

For more information, see [Bulletin PST 203](#), *Energy, Energy Conservation and the ICE Fund Tax*.

## **Changes to Accommodation Areas or MRDT Rate**

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The following explains how MRDT applies when your customer's stay straddles changes to MRDT in your area. This includes when your area starts or stops participating in the MRDT program, or when your area increases the MRDT rate.

### **Area Starts Participating in MRDT Program**

You must charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area becomes an MRDT participating area, and
- your customer pays for their stay on or after the day the area becomes an MRDT participating area, even if your customer stays **before** the area becomes an MRDT participating area.

#### **Example:**

You provide accommodation for your customer from March 27 to April 4. Your area starts participating in the MRDT program April 1. Your customer pays for the entire stay on April 4, when payment is due. You charge MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

## MRDT Rate Increase

### Payment Due AND Paid on or After Date of Increase

You must charge the increased MRDT rate on accommodation if:

- payment for the accommodation is due on or after the day the area increases its MRDT rate, and
- your customer pays for their stay on or after the day the area increases its MRDT rate, even if your customer stays **before** the area increases its MRDT rate.

#### Example:

You provide accommodation from August 27 to September 1 in an area that increases its MRDT rate from 2% to 3% effective September 1. Your customer pays for the entire stay on September 1, when payment is due. You charge 3% MRDT for the entire stay. However, your customer may be eligible for a refund as described under Refunds below.

### Payment Due OR Paid Before Date of Increase

You must charge the lower MRDT rate on accommodation if:

- payment for the accommodation is due before the day the area increases its MRDT rate, or
- your customer pays for their stay before the day the area increases its MRDT rate, even if your customer stays **after** the area increases its MRDT rate.

#### Example 1:

You provide accommodation from August 27 to September 4 in an area that increases its MRDT rate from 2% to 3% effective September 1. Your customer must pay for the entire stay when they arrive on August 27. You charge 2% MRDT for the entire stay.

#### Example 2:

You provide accommodation from September 1 to September 4 in an area that increases its MRDT rate from 2% to 3% effective September 1. Your customer pays for the entire stay by phone or online on August 27. You charge 2% MRDT for the entire stay.

## Reporting and Remitting the MRDT

If you have a quarterly, semi-annual or annual reporting period, you may be subject to a one-time change in your reporting period as a result of an MRDT increase. If you have a reporting period that starts before and ends after the date the area increases its MRDT rate, you must file separate PST **and** MRDT returns for:

- the portion of the period before the date the area increases its MRDT rate, and
- the portion of the period on and after the date the area increases its MRDT rate.

#### Example:

You have a semi-annual reporting period which starts July 1 and ends December 31. The MRDT rate in your area increases to 3% on September 1. You must file separate PST and MRDT returns for the period of July 1 to August 31 and for September 1 to December 31. The due date for the July 1 to August 31 returns is September 30. The due date for the September 1 to December 31 returns is January 31.

## Area Stops Participating in MRDT Program

You do not charge MRDT on accommodation if:

- payment for the accommodation is due on or after the day the area stops being an MRDT participating area, and
- your customer pays for their stay on or after the day the area stops being an MRDT participating area, even if your customer stays **before** the area stops being an MRDT participating area.

### Example 1:

You provide accommodation for your customer from April 27 to May 4. Your area stops participating in the MRDT program on April 30. Your customer pays for the entire stay on May 4, when payment is due. You do not charge any MRDT.

You charge MRDT on accommodation if:

- your customer pays for their stay before the day the area stops being an MRDT participating area, even if your customer stays for a period of time after the area stops being an MRDT participating area.

### Example 2:

You provide accommodation for your customer from May 1 to May 15. Your area stops participating in the MRDT program April 30. Your customer paid for the accommodation online as an advance booking. You charge MRDT.

## Refunds

To apply for one of the refunds described below, complete an *Application for Refund – General (FIN 355)* and provide the supporting documentation listed in the instructions to the form.

We cannot issue a refund of less than \$10.

### MRDT Paid in Newly Designated Accommodation Area

A purchaser of accommodation may be eligible for a refund of the MRDT paid if, **before** the area became a designated accommodation area, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation, contract or covered by the deposit.

The refund is limited to the MRDT paid on the purchase price of the accommodation for each of the specified number of days of accommodation that are set out in the confirmation, contract or covered by the deposit.



## MRDT Paid Due to Rate Increase

If a purchaser paid MRDT on accommodation in an area that increased its MRDT rate, the purchaser may be eligible for a refund of some of the MRDT paid if, **before** the area increased its MRDT rate, the purchaser:

- received a written confirmation of the reservation,
- entered into a written contract for the purchase of the accommodation, or
- made a deposit on the purchase.

To qualify for a refund, the purchase of the accommodation must have been for a specified number of days as set out in the confirmation or contract, or as covered by the deposit.

The refund is limited to the difference between the MRDT the purchaser paid and the MRDT the purchaser would have paid if the MRDT rate had not increased.

### Example:

A customer purchases accommodation from September 1 to September 10 in an area that increases its MRDT rate from 2% to 3% effective September 1. The customer makes a \$100 deposit on the purchase on August 28, but does not pay for the entire stay until payment is due on September 10. The customer pays 3% MRDT for the entire stay, but may apply to us for a refund of the difference between the lower rate (2%) and the increased rate.

## MRDT Participating Municipalities, Regional Districts and Eligible Entities

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The MRDT rate for all areas is 2% unless otherwise specified below:

- Alert Bay, Village of
- Abbotsford, City of – rate is 3% effective May 1, 2018
- Big White Ski Resort – rate is 3% effective July 1, 2018
- Burnaby, City of
- Campbell River, City of – rate is 3%
- Cariboo-Chilcotin – rate is 3% effective May 1, 2018. Applies in:
  - the Cariboo Regional District, including the District of 100 Mile House and the City of Williams Lake, but not including the City of Quesnel or the District of Wells (the District of Wells has a 2% rate – see below)
  - the Central Coast Regional District
  - the Fraser-Fort George Regional District electoral area E
  - the part of the Kitimat-Stikine Regional District consisting of the Kitasoo Indian Reserve
  - the part of the Squamish-Lillooet Regional District consisting of the District of Lillooet and electoral areas A and B
  - the part of the Regional District of Thompson-Nicola consisting of the Village of Clinton and electoral area E
- Castlegar, City of

- Central Kootenay, Regional District of – applies to the Central Kootenay Regional District in electoral areas D, E and F
- Chilliwack, City of – rate is 3%
- Clearwater, District of
- Columbia-Shuswap, Regional District of – applies in:
  - the Town of Golden
  - Kicking Horse Mountain Resort Area
  - the Columbia-Shuswap Regional District electoral area A, not including Yoho National Park
- Courtenay, City of
- Cowichan Valley Regional District
- Cranbrook, City of – rate is 3%
- East Kootenay, Regional District of – applies in:
  - the City of Fernie and a portion of the East Kootenay Regional District electoral area A
  - the District of Invermere and a portion of the East Kootenay Regional District electoral area F
  - the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G
- Harrison Hot Springs, Village of – rate is 3%
- Kamloops, City of – rate is 3%
- Kaslo, Village of
- Kelowna, City of – rate is 3%
- Kimberley, City of
- Kootenay, Regional District of – applies in electoral areas C, D and E, the City of Grand Forks, the City of Greenwood and the Village of Midway – effective July 1, 2018
- Langford, City of
- Langley, City of
- Langley, Township of
- Mount Waddington, Regional District of – applies in the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D
- Mount Washington Resort Association – applies in the resort area that is a portion of the Comox Valley Regional District electoral area C
- Nanaimo, City of
- Nanaimo, Regional District of – applies to the Nanaimo Regional District electoral areas E, F, G and H
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of
- Osoyoos, Town of
- Parksville, City of
- Penticton, City of

- Port Hardy, District of – rate is 3%
- Port McNeill, Town of
- Powell River Regional District
- Prince George, City of – rate is 3%
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of – rate is 3%
- Rossland, City of – rate is 3%
- Saanich, District of
- Salmon Arm, City of
- Smithers, Town of – rate is 3%
- Squamish, District of
- Sun Peaks Mountain Resort Municipality – rate is 3%
- Sunshine Coast Regional District
- Thompson-Nicola, Regional District of – applies in the District of Barriere and Electoral Areas O and P
- Thompson-Nicola, Regional District of – applies in the Thompson-Nicola Regional District electoral area A
- Tofino, District of – rate is 3%
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of – rate is 3%
- Vernon, City of – rate is 3%
- Victoria, City of – rate is 3%
- Wells, District of
- Whistler, Resort Municipality of

### **Participate in the MRDT Program or Request a Rate Change**

A municipality, regional district or eligible entity in BC wishing to implement, renew or request a rate change to the MRDT must submit applications and renewal applications to **Destination BC**. For more information, contact [MRDT@destinationbc.ca](mailto:MRDT@destinationbc.ca)



## Need more info?

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free: 1 877 388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Subscribe to our [What's New](#) page to receive email updates when information changes.

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

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### Latest Revision

October 2018

Revised to explain important changes to how PST and MRDT apply to accommodation sold in BC, effective October 1, 2018:

- What is considered accommodation is expanded to include:
    - Residential dwellings used as lodging
    - Stationary vehicles
  - What is considered exempt accommodation is also changed. This means that accommodation providers not previously required to be registered to collect PST and MRDT may now be required to register.
  - **Transitional Rules**
  - Before October 1, 2018, accommodation provided by a person offering fewer than 4 units of accommodation was exempt from PST and MRDT. As of October 1, 2018 this exemption no longer exists.
  - Before October 1, 2018, accommodation provided to a person for a continuous period of more than one month was exempt from PST and MRDT. As of October 1, 2018, the time requirement for this exemption has been shortened to 27 days or more.
  - If you make a sale of accommodation before October 1, 2018, the old rules apply. If the sale happens on or after October 1, 2018, the new rules apply. You have made a sale of accommodation if you and your customer have a binding agreement under which your customer agrees to pay for the accommodation. For example:
    - If your customer checks into your hotel on September 29, 2018 and checks out on October 2, 2018, you apply the old rules because your customer had a binding agreement to pay for the accommodation before October 1, 2018 when they checked into your hotel.
    - If your customer pays for the accommodation before October 1, 2018, you must collect the tax based on the old rules regardless of when the accommodation is used.
    - If your customer makes a reservation before October 1, 2018 and you have a no-cancellation policy, or a policy that the purchase price will be charged unless the cancellation occurs before a particular date and the purchase price for the accommodation is charged under those policies before October 1, 2018, you must collect the tax based on the old rules regardless of whether the reservation was for accommodation on, before or after October 1, 2018.
    - If your customer makes a reservation before October 1, 2018 for accommodation on or after October 1, 2018 and your customer may cancel the reservation at any time without the purchase price being charged, then you collect the tax based on the new rules.
  - Note: If your customer makes a reservation and later cancels the accommodation, no tax applies to any cancellation fee because no sale of accommodation has taken place.
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References: *Provincial Sales Tax Act*, sections 1 “accommodation”, “band”, “designated accommodation area”, “designated recipient”, “eligible entity”, “First Nation individual”, “lease”, “meal”, “sale”, “tourism agent”, 19, 26, 122-125 and 168; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 “First Nation land”, “Indian”, “Nisga’a Nation”, “reserve”, “residential energy product”, 28, 78, 88 and 127; *Provincial Sales Tax Regulation*, sections 2, 4, 8, 11 and 74; *Consular Tax Exemption Regulation*; *Designated Accommodation Area Tax Regulation*.