



CITY OF THOMPSON ACCOMODATION TAX INFORMATION CIRCULAR

NOTE: *This information is intended to provide general information concerning the Accommodation Tax By-law No. 1772-2008 as amended. Every effort has been made to ensure the contents of this circular accurately reflect the By-law. However, it is important to note that this information has no official status and does not have the force of law. Unofficial versions of the Accommodation Tax By-law No. 1772-2008 and any amending by-laws may be viewed on-line at www.thompson.ca. For an official version of the Accommodation Tax By-law No. 1772-2008 or any amending by-laws, contact City Hall 677-7910.*

This Information Circular provides an overview of the *Accommodation Tax By-law* as amended and its application in the City of Thompson. The topics discussed are:

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The Accommodation Tax

1. The Accommodation Tax (AT) is a five percent (5%) levy on the purchase price of accommodation, provided for a continuous period of 60 nights or less. The effective date for the implementation of the AT is for accommodation rentals commencing on the night of January 1, 2009. The AT is collected at the time of purchase/payment of the accommodation and is not applied to the cost of meals and other services that are distinct from the accommodation purchased.

2. The AT is collected on all accommodation provided for consideration in a hotel, motel, inn, housekeeping unit, lodging house, boarding house, rooming house, bed and breakfast establishment, resort, hostel, dormitory or any place in which accommodation is provided in Thompson. Subject to the noted exemptions, the levy applies whenever four or more bedrooms are available for rent separately at the same time in the same location. For more information see the **“More than Three Bedrooms for Rent”** Rule.
3. The AT is applicable to the purchase price of the accommodation, including the use of amenities ‘built into’ the price such as the use of a pool, water slide, or provision of a continental breakfast. The AT is also applicable to the price of other charges connected with the actual occupancy of the room whether or not they are separately stated. Such charges include the rental cost for additional items such as beds, cots, cribs and linens.
4. Separate charges for other services that are not ‘built into’ the purchase price of the accommodation are not subject to the AT, such as charges for room service, messenger service, valet service, local or long distance telephone calls, fax transmittal service, rental of movies or pay-per-view events, etc.
5. The AT applies even if non-monetary consideration is made for the accommodation. For example, payment for the accommodation could take the form of ‘in-kind’ goods or services, or a reduction in the costs of goods or services. In these sorts of situations, the AT is to be collected on the purchase price that would have been paid for that accommodation, or similar accommodation, had it been made available to another person by the operator on the day(s) the accommodation was occupied in exchange for non-monetary consideration.

The “Continuous Stay” Rule

6. Where accommodation is provided for a continuous period of greater than 60 nights, a purchaser must, at the time of purchasing accommodation, pay an accommodation tax in the amount of 5% of the purchase price of the accommodation provided for the first 60 nights in the continuous period. For example:
 - A person intends to rent a room for a continuous period of 90 nights. Only the first 60 nights continuous rental period are charged the AT.

(NOTE: The moving of a person from one room to another within the same establishment and with no break in the occupancy has no effect on the determination of the number of nights of continuous rental).

The “More than Three Bedrooms Available for Rent” Rule

7. The “more than three bedrooms available for rent” rule most often applies to bed and breakfast and hostel operations.

8. The AT must be collected whenever four or more bedrooms are available for rent separately at the same time in the same establishment. Whether or not the rooms are, in fact, rented is not the determining factor, but rather whether they are available for rent at the same time in the same location.
9. A bed and breakfast or similar establishment with three bedrooms available for rent separately is not subject to the AT. However, if at any point additional bedrooms become available for rent so that the total is four or more, then all of the bedrooms are subject to the AT. For example:
 - Three bedrooms are available for rent on Monday – the AT would not apply to any of the three bedrooms
 - On Tuesday and Wednesday a fourth bedroom becomes available for rent (the operator makes his/her bedroom available), then the AT applies to all rooms rented on Tuesday and Wednesday, whether or not the fourth bedroom is actually rented to someone.
10. An establishment that rents individual beds in a single bedroom or dormitory must charge the AT on the rental for each bed in situations where four or more of these single bedrooms or dormitories are available for rent separately. The number of individual beds for rent in each bedroom or dormitory is not the determining factor in deciding whether or not an establishment is subject to the AT – the bedroom or dormitory count determines the applicability of the AT.

Exemptions

11. The AT does not apply to the following situations:
 - a. **Accommodations in establishments in which fewer than four bedrooms are available for purchase separately.** For more information see the “**More than Three Bedrooms Available for Rent**” Rule.
 - b. **Accommodations occupied by the same person continuously after a period of 60 nights or more.** For more information see the “**Continuous Stay**” Rule.
 - c. **Accommodation provided to patients or residents in a hospital, a sanatorium, a facility designated by regulations under *The Mental Health Act*, a personal care home licensed under *The Health Services Insurance Act* or a residential care facility licensed under *The Social Services Administration Act*.**
 - d. **Accommodation provided to a student by an educational institution while the student is registered at and attending the institution.**
 - e. **Accommodation supplied by employers to their employees in premises operated by or on behalf of the employer.** For example:

- i. If an operator provides a room to an employee (such as a motel manager/caretaker) and no consideration is given to the operator, the AT does not apply.
- f. **A time-share arrangement** where the lodging is purchased pursuant to a written agreement (typically known as a time-share agreement) that:
- g. **Tent or trailer sites supplied by a campground, tourist camp or trailer park.**
- h. **A hospitality room in an establishment that: does not contain a bed and is not in a suite that contains a bed, and is used for displaying merchandise, holding meetings or entertaining.** However, the AT is chargeable on the rental of meeting, hospitality or banquet rooms if there is an unlocked connected room with sleeping facilities.
- i. **Elements of an all-inclusive vacation package that: do not take place in, or on the grounds of, the establishment providing the accommodation, and can be reasonably distinguished from the elements of the all-inclusive vacation package that are related to the accommodation.** In other words, the AT is to be collected on that portion of the total purchase price of the all-inclusive vacation package that is reasonably attributable to the cost of the accommodation only. In determining this cost, reference will be made to the purchase price of similar accommodation in the establishment that is made available to another person by the operator on the day(s) of occupancy within the all-inclusive vacation package.

Accommodation Arranged for Medical Treatment

12. A refund of taxes paid is available where accommodation is purchased by a person, or their family members, at times when the person is in Thompson to receive medical treatment or to undergo testing at a hospital or Provincially- approved medical facility, or to seek medical advice or treatment from a medical specialist. To obtain a refund, an application form must be completed and submitted to the City of Thompson for consideration. For more detailed information, please refer to the “**Refunds**” section of this Information Circular.

Refunds

13. By completing and submitting an Accommodation Tax Refund form, the AT collected may be refunded to either the operator or purchaser based on the following circumstances:
 - a. **Refund to an Operator** – an amount collected as if it were the AT (when the AT did not in fact apply) will be refunded to an operator if, within one year of the collection and remittance of the amount, the operator provides proof that:
 - the amount was collected notwithstanding that it was not payable as an AT;

- the amount was remitted to the tax collector; and
- the amount has been refunded by the operator to the purchaser.

In accounting for this refund, the operator may reduce the payable amount to the City in the next reporting period.

- b. **Refund to a Purchaser** - A refund will be provided to a purchaser of an amount that was paid, as if it were the AT, if the purchaser applies for the refund within one year of the payment of the tax, and provides evidence that:
- **The tax was collected in error** - the accommodation tax was paid notwithstanding that it was not payable and the operator refused to refund the amount to the purchaser, so long as the amount was remitted by the operator to the tax collector and has not been refunded to the operator by the tax collector; or
 - **The tax was paid for a person receiving medical treatment** – the accommodation tax paid in respect of accommodation purchased on or on behalf of, an individual or one or more of the individual’s family members during such time as the individual is in Thompson to receive medical treatment or to undergo testing at a hospital or Provincially- approved medical facility or to seek medical advice or treatment from a medical specialist if;
 - the individual and, where applicable, the individual’s family member or members do not reside in Thompson and have purchased temporary accommodation in Thompson while the individual is receiving medical treatment at a hospital, undergoing testing at a hospital, or seeking specialist medical advice or treatment; and
 - the tax collector receives a letter from the hospital, medical facility or a physician licensed to practise medicine in the Province of Manitoba stating that the individual and the individual’s family member or members do not reside in Thompson and the individual was required to be in Thompson to receive medical treatment at a hospital, undergo testing at a hospital, or seek specialist medical advice or treatment on or between specific dates. An Accommodation Tax Refund form is available for completion by the medical facility or physician (see the “**Sample Forms**” section of this Information Circular).

Transition Measures

As a transition measure, upon application by a purchaser prior to June 1, 2009, the tax collector shall refund to a purchaser the accommodation tax paid in respect of accommodation provided prior to June 1, 2009 that was purchased by written agreement entered into before October 1, 2008.

Tax Collection and Reporting Requirements

14. An operator of a lodging establishment located within the City of Thompson is required to charge the 5% Accommodation Tax on all sales of accommodation that are subject to the tax under the Accommodation Tax By-law No. 1772-2008. For further information on what elements are considered, or not considered, as part of the purchase price, please see the “**Accommodation Tax**” section of this Information Circular.
15. The purchase price on which the Accommodation Tax (AT) applies does not include the Federal Goods and Services Tax (GST) or the Provincial Retail Sales Tax (PST).
16. The AT payable must be indicated separately from the charge for the accommodation on the invoice to the purchaser. For examples, please see “**Calculation of the Accommodation Tax Examples**” section of this Information Circular.
17. An operator must remit to the tax collector at the end of every month (or quarter as established by form AT052008) for each establishment the operator operates:
 - the amount of the AT that was collected by the operator during that month;
 - the amount of the AT that should have been collected by the operator during that month; and
 - the amount that was collected in error by the operator during that month and that has not been refunded to the purchaser.
18. An operator must, on the Accommodation Tax Return form provided by the tax collector, submit to the tax collector at the end of every month/quarter the tax return for each establishment the operator operates. The form is available at the following website: www.thompson.ca. Unless otherwise permitted by the tax collector, the obligation to provide a monthly tax return applies even when no taxes have been collected.
19. The requirement to remit taxes and the monthly/quarterly tax return should be met no later than the 20th day of the month/quarter following the period in which the taxes were payable and for which the tax return is applicable.
20. Every person who fails to comply with the provisions of the By-law is guilty of an offence and, in addition to being liable for payment of interest penalties, is liable on summary conviction to a fine.
21. The tax collector has the authority to audit the books, records and accounts of the operator for the purpose of ascertaining the amount of tax to be collected and remitted and can require the operator to produce for inspection any book, contract, agreement, letter, paper or document relating to the establishment, the accommodation provided or any other matter relating to this By-law.

Filing and Remitting the Accommodation Tax

22. There are numerous options to file your Accommodation Tax Return and remit the full amount owing.

a. **By mail** – You can mail the completed tax return with full payment to:

The City of Thompson
Finance Department
City Hall, 226 Mystery Lake Rd
Thompson, MB R8N 1S6
Do not send cash in the mail.

b. **By courier** – You can send your tax return with full payment by courier to:

The City of Thompson
Finance Department
City Hall, 226 Mystery Lake Rd
Thompson, MB R8N 1S6

Deliveries are accepted between 9:00 am and 4:30 pm Monday to Friday, except statutory holidays.

c. **In person** – Bring your tax return and full payment to:

The City of Thompson
Finance Department
City Hall, 226 Mystery Lake Rd
Thompson, MB R8N 1S6

Office hours are between 9:00 am and 4:30 pm Monday to Friday, except statutory holidays.

23. Methods of payment -- You can pay the full amount owing by cheque or money order payable to the City of Thompson. Cash and debit card payments will only be accepted in person at our cashier's desk. Credit card payments are not accepted at this time.

If you underpay your tax return, you will be issued an assessment for the tax due. Interest and penalties will apply on the unpaid balance for the reporting period until your account has been paid in full.

Post-dated cheques are only accepted if the cheque is dated for the due date or earlier.

24. **Date received** – When the 20th day of the month falls on a Saturday, Sunday or a public holiday, we consider your tax return with full payment to be on time if it is received by our office by 4:30 pm on the next business day.

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- When the tax return with payment is mailed, we consider the date of postmark to be the date we received it.
- If you deliver by courier or in person, it must be received by 5:00 pm on the due date.

25. **Filing “Nil” tax returns** – You have to file your tax return for every reporting period (every month) even if you have no net tax to remit. In other words, even if you have no taxable sales in a reporting period, you still have to file a tax return.

26. Interest and penalties will be charged if we do not receive your tax return and full payment on time, unless there is a \$0 balance. We will also charge interest on any outstanding amounts you owe.

Calculation of the Accommodation Tax Examples

27. A sample invoice for a one-night stay, with separate charges for other services:

Item	Charge	GST applies?	PST applies?
Room (one night)	\$104.00	Yes	Yes
Meals	\$25.00	Yes	Yes
PPV Movie	\$9.50	Yes	Yes
Long Distance Calls	\$15.50	Yes	Yes
Sub total	\$154.00		
Accommodation Tax	\$5.20	Yes	No
GST	\$7.96		
PST	\$11.14		
Total	\$178.30		

28. A sample invoice for a two-night stay, with separate charges for other services.

Date	Description	Charges (dollars)	Credits	GST applies?	PST applies?
June 1/08	Room Charge	171.00		Yes	Yes
June 1/08	Accommodation Tax	8.55		Yes	No
June 1/08	GST	8.98			
June 1/08	PST	12.57			
June 2/09	Room Charge	171.00		Yes	Yes
June 2/08	Accommodation Tax	8.55		Yes	No
June 2/08	GST	8.98			
June 2/08	PST	12.57			
June 2/08	Room Service Dinner	12.00		Yes	Yes
June 2/08	Room Service Gratuity	5.00		No	No
June 2/08	Room Service Charge	2.50		Yes	No
June 2/08	Room Service PST	0.84			
June 2/09	Room Service GST	0.73			
June 3/08	VISA XXXXXXXX1234		423.27		
		423.07	423.27		
GST Vendor	XXXXXXXX RTXXXX				



Finance Department
Accommodation Tax #1772-2008 *as amended*
Information Circular One: AT01-2008

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How to Contact Us

The City of Thompson
Finance Department
City Hall, 226 Mystery Lake Rd
Thompson, MB R8N 1S6

Email: ctaylor@city.thompson.mb.ca
Phone: (204) 677-7928 Fax Number: (204) 677-7936

Hours of Operation - Monday to Friday, 9:00 am to 4:30 pm Closed on Statutory Holidays