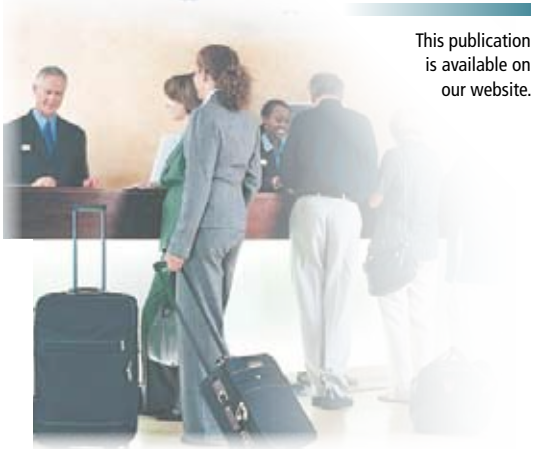


Tax on Lodging

revenuquebec.ca

This publication
is available on
our website.



Revenu Québec

Ensuring the funding of public services

Providing for the future of our society

Québec 

Foreword

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

This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Excise Tax Act*, the *Act respecting the Québec sales tax* or any other legislation.

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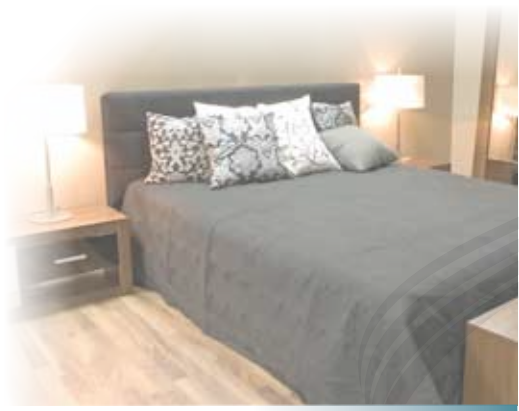
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Contents

What is the tax on lodging?	4
Are you required to register?	6
How to collect the tax	7
Billing the \$2 tax on lodging	7
Billing the 3% or 3.5% tax on lodging	8
Billing the tax on lodging to a person that acquires an accommodation unit for resupply purposes	11
How to remit the tax on lodging	14
Online services	15





What is the tax on lodging?

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

The tax is equal to \$2 per overnight stay or 3% or 3.5% of the price of an overnight stay, depending on the region. To find out the applicable rate in each tourism region, refer to the **Businesses** section of our website at www.revenuquebec.ca.

The tax on lodging must be collected every time an accommodation unit is rented for more than six hours per 24-hour period in an establishment that is subject to the tax.

A sleeping-accommodation establishment is an establishment operated by a person that offers tourists, in return for payment, at least one accommodation unit for a period not exceeding 31 days. An accommodation unit may be a room, bed, suite, apartment, cottage or house.

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

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

The tax on lodging does not apply to the rental of

- a camp site;
- an accommodation unit in an educational institution, youth hostel or resort;
- an accommodation unit rented for six hours or less, or for more than 31 consecutive days; or
- an accommodation unit rented on an occasional basis, such as once a year at the time of a festival.



Are you required to register?

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

You should expect to receive documentation from us providing information about the tax and containing instructions on how to register for the tax or how to verify your registration, as applicable. A single registration covers all your establishments in a given tourism region.

If you do not receive any such documentation, but you nevertheless believe you are required to collect the tax on lodging, you can register for the tax via the **Registering a New Business for Revenu Québec Files** online service or the **Registration Pursuant to an Act** online service, both of which are available on our website.

You can also register using form LM-1-V, *Application for Registration*. To obtain a copy of the form, go to our website at www.revenuquebec.ca or call one of the numbers indicated on the back of this publication.



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

How to collect the tax

Billing the \$2 tax on lodging

You are required to bill the \$2 tax on lodging every time you rent an accommodation unit, even if the unit is supplied free of charge.

On the written record of the rental, the \$2 tax on lodging may be included in the price of the overnight stay or listed separately.

If you are registered for the GST and the QST, you must calculate those taxes on the total including the price of the overnight stay, the tax on lodging and the price of any property or services supplied along with the sleeping accommodation.

Example

Room (one night)	\$104.00
Meals	+ \$25.00
Video	+ \$9.50
\$2 tax on lodging	+ \$2.00
Subtotal	\$140.50
GST ($\$140.50 \times 5\%$)	+ \$7.03
QST ($\$147.53 \times 8.5\%$)	+ \$12.54
Total	\$160.07

Even if you are not registered for the GST and the QST (because you are a small supplier), you must still collect the tax on lodging. In such cases, simply add the tax to the amount of the rental.

Example

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

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

Billing the 3% or 3.5% tax on lodging

You are not required to bill the 3% or 3.5% tax if you supply an accommodation unit free of charge.

You must calculate the 3% or 3.5% tax only on the price of an overnight stay, regardless of anything that is supplied with the sleeping accommodation and whether or not such supplies are included in the price.

For example, the value of breakfast, parking and other property or services supplied with the sleeping accommodation is excluded from the price on which the 3% or 3.5% tax is calculated. In calculating the tax, only fractions of tax equal to or greater than \$0.005 are counted as \$0.01.

On the written record of the rental, you must indicate the 3% or 3.5% tax on lodging in one of the following ways:

- **If you list** the price of an overnight stay separately from the other property and services supplied, you can list the price and the amount of the tax separately, or you can indicate that the price includes the 3% or 3.5% tax on lodging.

- **If you do not list** the price of an overnight stay separately from the other property and services supplied, you must list the amount of the tax separately and identify it as the 3% or 3.5% tax on lodging.

If you are registered for the GST and the QST, you must calculate those taxes on the total including the price of the overnight stay, the tax on lodging and the price of any property or services supplied along with the sleeping accommodation.

Examples

A hotel operator rents out a room for one night and also supplies parking. There are two ways to indicate the 3% tax.

Room	\$110.00
Parking	+ \$20.00
3% tax on lodging (\$110 x 3%)	+ \$3.30
Subtotal	\$133.30
GST (\$133.30 x 5%)	+ \$6.67
QST (\$139.97 x 8.5%)	+ \$11.90
Total	\$151.87

Room (this amount includes the 3% tax on lodging)	\$113.30
Parking	+ \$20.00
Subtotal	\$133.30
GST (\$133.30 x 5%)	+ \$6.67
QST (\$139.97 x 8.5%)	+ \$11.90
Total	\$151.87

Example

A hotel operator sells an overnight accommodation package for two that includes a full-course dinner and breakfast. The 3.5% tax on lodging is calculated on the price of the overnight stay (\$105 x 3.5%).

Package (including an amount of \$3.68 representing the tax on lodging calculated at 3.5%)		\$213.00
GST (\$213.00 x 5%)	+	\$10.65
QST (\$223.65 x 8.5%)	+	\$19.01
Total		\$242.66

Example

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

Room and breakfast		\$85.00
3% tax on lodging	+	\$2.40
Subtotal		\$87.40
GST (\$87.40 x 5%)	+	\$4.37
QST (\$91.77 x 8.5%)	+	\$7.80
Total		\$99.57

Even if you are not registered for the GST and the QST (because you are a small supplier), you must still collect the tax on lodging. In such cases, simply add the tax to the amount of the rental.

Example

A room is rented in a bed and breakfast establishment for one night. The 3.5% tax on lodging is calculated on the price of the overnight stay (\$46.50 x 3.5%).

Room and breakfast	\$51.50
3.5% tax on lodging	+ \$1.63
Total	\$53.13

Billing the tax on lodging to a person that acquires an accommodation unit for resupply purposes

If you supply an accommodation unit free of charge, you are required to bill the \$2, \$3 or \$3.50 tax depending on the region where the establishment is located. GST and QST must be calculated on that amount.

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

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

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

For accommodation units located in a region where the 3.5% tax applies, instead of calculating the tax at the rate of 3.5%, you must collect \$3.50 in advance for each unit billed.

Examples

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



Region where the \$2 tax applies

20 rooms for one night (20 x \$90)	\$1,800.00
\$2 tax on lodging (20 x \$2)	+ \$40.00
Subtotal	\$1,840.00
GST (\$1,840.00 x 5%)	+ \$92.00
QST (\$1,932.00 x 8.5%)	+ \$164.22
Total	\$2,096.22

Region where the 3% tax applies

20 rooms for one night (20 x \$90)	\$1,800.00
\$3 tax on lodging (20 x \$3)	+ \$60.00
Subtotal	\$1,860.00
GST (\$1,860.00 x 5%)	+ \$93.00
QST (\$1,953.00 x 8.5%)	+ \$166.01
Total	\$2,119.01

Region where the 3.5% tax applies

20 rooms for one night (20 x \$90)	\$1,800.00
\$3.50 tax on lodging (20 x \$3.50)	+ \$70.00
Subtotal	\$1,870.00
GST (\$1,870.00 x 5%)	+ \$93.50
QST (\$1,963.50 x 8.5%)	+ \$166.90
Total	\$2,130.40



How to remit the tax on lodging

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

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

On the remittance slip attached to the return, indicate the amount of tax collected. You must remit the full amount payable, even if you are entitled to an input tax credit under the GST system or an input tax refund under the QST system.

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

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

Online services

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

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

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

www.revenuquebec.ca



To contact us



Online

We invite you to visit our website at www.revenuquebec.ca.



By telephone

Hours of availability for telephone service

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.
Wednesday: 10:00 a.m. to 4:30 p.m.

Individuals and individuals in business

Québec City	Montréal	Elsewhere
418 659-6299	514 864-6299	1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

Québec City	Montréal	Elsewhere
418 659-4692	514 873-4692	1 800 567-4692 (toll-free)

Persons with a hearing impairment

Montréal	Elsewhere
514 873-4455	1 800 361-3795 (toll-free)



By mail

Individuals and individuals in business

Montréal, Laval, Laurentides,
Lanaudière and Montérégie
Direction principale des services
à la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

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