



VISITOR REBATE PROGRAM

Non-Residents Purchasing Accommodation: When is the Rebate Still Available?

Note: This info sheet supersedes GST/HST Info Sheet GI-026, *Visitor Rebate Program – Accommodation Rebate for Non-Residents*, dated April 2007.

This info sheet explains the rules that apply during the transitional period after the cancellation of the Visitor Rebate Program (VRP). During this period, non-resident individuals, businesses, organizations, and tour operators will still be eligible to claim a rebate of the GST/HST paid on short-term and/or camping accommodation when certain conditions are met.

Effective January 1, 2008, the rates of the GST and the HST have been reduced. The rate of the GST has been reduced from 6% to 5%. The rate of the HST has been reduced from 14% to 13%.

This info sheet applies to short-term and/or camping accommodation not included in a tour package and that:

- was part of a continuous accommodation at the same facility that started before April 2007; or
- was sold to a non-resident under an agreement in writing entered into before September 25, 2006, and first made available before April 2009.

In this publication, the “GST” means the 5% goods and services tax and the “HST” means the 13% harmonized sales tax.

“Camping accommodation” means a campsite at a campground or recreational trailer park that is rented continuously as a place of lodging for periods of less than one month to the same individual. It includes water, electricity and waste disposal services, if accessed by means of an outlet or hook-up at the campsite and if provided with the campsite.

“Non-resident” means a person not resident in Canada and could be an individual, a business or an organization.

“Short-term accommodation” means the rental of an accommodation unit as a place of lodging for an individual who will occupy it continuously for a period of less than one month and that costs more than \$20 per night. Overnight or week-long accommodation in hotels and motels would usually be short-term accommodation.

Short-term accommodation does not include a residential complex or unit when it is provided under a timeshare arrangement, or overnight shelter on trains, travel trailers, boats, or structures that are, or could be, self-propelled.

Background

Effective April 1, 2007, the VRP was cancelled and the Foreign Convention and Tour Incentive Program (FCTIP) was introduced.

Under the VRP, a non-resident was entitled to claim a rebate of the GST/HST paid on short-term and/or camping accommodation that was not included in a tour package. With the cancellation of the VRP, this accommodation rebate is no longer available unless one of the transitional rules applies.

Only one rebate application can be filed for the same accommodation. Therefore, if a person qualifies as described in this info sheet under the VRP, this person files for a VRP rebate. The person cannot file another rebate application under the FCTIP for the tax paid on that accommodation.

Accommodation rebates for non-residents

Under the VRP, a GST/HST rebate was available to:

- non-resident individuals who purchased short-term and/or camping accommodation while vacationing or attending a convention in Canada;
- non-resident non-registered organizations or businesses (other than tour operators) that purchased short-term and/or camping accommodation in Canada for use by a non-resident employee or client; and
- non-resident non-registered tour operators that purchased short-term and/or camping accommodation in Canada for resale in the course of their businesses to non-resident individuals.

Under the transitional rules for the cancellation of the VRP, these non-resident persons may still claim a rebate of the GST/HST paid on certain purchases of short-term and/or camping accommodation as explained below.

Stays in Canada that started and ended before April 1, 2007

A non-resident may claim a rebate of the GST/HST paid on short-term and/or camping accommodation for stays in Canada that started and ended before April 1, 2007. The non-resident must file the rebate claim within one year after the last day any GST/HST included in the claim became payable (unless the supplier has already paid or credited the rebate amount to the non-resident).

Example 1

A non-resident individual stayed in a hotel in Alberta during the last week of March 2007. The GST became payable on March 28, 2007.

The non-resident is eligible to claim a rebate of the GST paid on the short-term accommodation because the accommodation started and ended before April 2007. The non-resident must file the rebate claim by March 28, 2008.

Stays in Canada that started before April 2007 and ended during April 2007

A non-resident may claim a rebate of the GST/HST paid on short-term and/or camping accommodation for stays in Canada that started before April 2007 and ended during April 2007, if the accommodation is part of a continuous accommodation **at the same facility**. The non-resident must file the rebate claim within one year after the last day any GST/HST included in the claim became payable (unless the supplier has already paid or credited the rebate amount to the non-resident).

Example 2

A non-resident individual stayed at a hotel in New Brunswick during the last week of March and the first week of April 2007. The room was reserved in February 2007. The HST became payable on April 4, 2007.

The non-resident is eligible to claim a rebate of the HST paid on the short-term accommodation because the accommodation was part of a continuous accommodation at the same facility that started before April 2007. The non-resident must file the rebate claim by April 4, 2008.

Stays in Canada that started on or after April 1, 2007

A non-resident may claim a rebate of the GST/HST paid on short-term and/or camping accommodation for stays in Canada that started on or after April 1, 2007, if:

- the accommodation was sold to the non-resident under an agreement in writing entered into before September 25, 2006; and
- the accommodation was first made available before April 2009.

The non-resident must file the rebate claim within one year after the last day any GST/HST included in the claim became payable (unless the supplier has already paid or credited the rebate amount to the non-resident).

Example 3

In July 2006, a non-resident non-registered tour operator entered into an agreement in writing to reserve a block of rooms in a hotel in Nova Scotia for the first week of July 2007. The HST became payable by the tour operator on July 4, 2007, when the operator resold the rooms to non-resident individuals.

The tour operator is eligible to claim a rebate of the HST paid on the short-term accommodation because the accommodation was sold to the operator under an agreement in writing entered into before September 25, 2006, and the accommodation was first made available before April 2009. The tour operator must file its rebate application by July 4, 2008.

Example 4

On October 2, 2006, a non-resident employer entered into an agreement in writing to reserve a room in a hotel in Canada for the first week of April 2007 for use by one of its employees.

The non-resident employer is not eligible to claim a rebate because the agreement in writing was not entered into before September 25, 2006.

Agreements in writing

In general, for purposes of the accommodation rebate, the CRA will accept the following as evidence that a non-resident non-registered tour operator entered into an agreement in writing with a supplier before September 25, 2006:

- documentation outlining the details of the relationship between the parties. The documentation would usually include information about the length of the relationship, the properties and services that will be provided, and any operational procedures such as those relating to booking, invoicing, payment, deposit, and cancellation;
- a tariff or other itemized inventory that describes the properties and services available, the prices, and the time period(s) during which the prices apply. This does not include advertising materials such as catalogues, pamphlets or brochures for the general public.

The information must show that the parties to the agreement are aware of their rights and responsibilities regarding the properties and services to be provided. It should also contain information about how the GST/HST applies to these properties and services as of the date the parties finalized the documents.

Agreements in writing may also include electronic agreements that are capable of being rendered into writing such as e-mails and electronic hotel reservations. The information can be on one document or on more than one document.

Reservations made in person or by telephone, e-mail or fax

Reservations made using the Internet (either by e-mail or using an on-line reservation system) may be part of an agreement in writing because they can be printed and rendered in writing.

Reservations made by phone or in person are not written agreements; they are verbal agreements. However, these verbal arrangements may be considered agreements in writing if:

- the supplier subsequently confirms the reservation on a folio, invoice or receipt given to the non-resident; or
- the supplier faxes, e-mails or gives a separate document to the non-resident confirming the reservation.

In either case, the confirmation document should contain the following information:

- the non-resident's name, address and contact information;
- the arrival and departure dates;
- the type of accommodation requested (such as a single or double room);
- the charges for the type of accommodation;
- information on how long the accommodation will be held on the arrival date; and
- a confirmation number.

Example 5

A non-resident individual stayed in a hotel in Canada in July 2006. When checking out of the hotel, the non-resident made a reservation for the following year and gave a deposit. In August 2006, the hotel operator sent an e-mail to the non-resident confirming the arrival and departure dates, the type of room requested, and the cost. The e-mail also specified that full payment would be due on the non-resident's arrival in July 2007, and included a confirmation number.

The non-resident is eligible to claim a rebate of the GST/HST paid on the short-term accommodation because the accommodation was first made available before April 2009. In addition, the e-mail sent by the hotel operator in August 2006 is a written agreement entered into before September 25, 2006, as it provided the necessary details to confirm the reservation.

Example 6

On September 22, 2006, a non-resident non-registered travel agency faxed a request to a Canadian hotel to reserve a block of

rooms for July 2007. On September 25, 2006, the hotel operator sent an e-mail to the travel agency confirming the arrival and departure dates, the type of room requested, and the cost. The e-mail specified that payment would be due the day that the travel agency resells the rooms to non-residents. It also included a confirmation number.

The travel agency is not eligible to claim a rebate because, although the e-mail sent by the hotel operator on September 25, 2006, contained the necessary details to be considered an agreement in writing, it was not entered into before September 25, 2006.

Agreements entered into with other parties

For purposes of the VRP, non-residents may be eligible to claim a rebate of the GST/HST paid on short-term and/or camping accommodation where the accommodation is sold under an agreement in writing entered into by other parties before September 25, 2006; for example, an agreement in writing between a convention sponsor or organizer and a hotel.

When a convention sponsor or organizer enters into a written agreement with one or more hotels to book a block of rooms that attendees can reserve, a convention rate is usually negotiated. The convention rate applies to rooms for the length of the convention and usually for a number of nights before and after the convention. The non-resident attendee is eligible to claim a rebate of the GST/HST paid if the room is sold at the convention rate under an agreement in writing entered into before September 25, 2006.

Example 7

A non-resident individual attended a convention in Canada in October 2007. The convention sponsor had booked a block of rooms under an agreement in writing entered into in August 2006 for the convention and for three nights before and three nights after the convention.

The non-resident individual had reserved one of these rooms for the convention, plus two nights before and one night after. Although the accommodation was made available after March 2007, the non-resident individual is eligible to claim a rebate of the GST/HST paid on the short-term accommodation because the non-resident purchased the accommodation under an agreement in writing between the convention sponsor and the hotel entered into before September 25, 2006, and the accommodation was first made available before April 2009.

Example 8

In August 2006, a convention organizer entered into an agreement in writing with a hotel in Canada to book a block of rooms for a convention in October 2008, and for three nights before and three nights after the convention.

A non-resident delegate reserved a room for the convention and for seven nights before and two nights after the convention. He received the convention rate for all the nights during the convention, and for the three nights before and two nights after. The non-resident delegate is eligible to claim a rebate of the GST/HST paid on the accommodation only for the nights covered by the agreement in writing (i.e., the nights for the convention, plus the three nights before and two nights after). The delegate is eligible to claim the rebate because the accommodation was purchased under an agreement in writing entered into before September 25, 2006, between the convention organizer and the hotel, and the accommodation was first made available before April 2009.

The non-resident delegate is not eligible to claim a rebate of the GST/HST paid on the accommodation for the first four nights of his stay because they are not covered by the agreement in writing.

Under an agreement in writing, in addition to the number of rooms reserved by the sponsor or the organizer, the hotel may also agree to offer extra rooms at the convention rate but these rooms are usually subject to availability. In this situation, a non-resident who books one of these extra rooms at the convention rate is eligible to claim a rebate because the extra rooms sold at the convention rate are covered by the agreement in writing.

Example 9

In August 2006, a convention sponsor entered into an agreement in writing with Hotel A to book a block of 800 rooms for a convention in Canada in March 2008. In the agreement, the hotel also agreed that it would offer 200 extra rooms at the convention rate, subject to availability.

In May 2007, the convention sponsor entered into an agreement in writing with Hotel B to book a block of 100 overflow rooms at a convention rate for use by delegates. A non-resident delegate booked one of these rooms in Hotel B.

The non-resident delegate is not eligible to claim a rebate of the GST/HST paid for the room in Hotel B because, although the room is sold at the convention rate, the agreement in writing between the sponsor and Hotel B was not entered into before September 25, 2006. If the non-resident delegate had booked one of the extra rooms in Hotel A at the convention rate, then the delegate would have been eligible to claim a rebate because the extra rooms in Hotel A are covered by the agreement in writing entered into before September 25, 2006.

A rebate is not available to a non-resident if the accommodation is included in the admission to a convention. In this case, the attendee is purchasing an admission to the convention, not short-term accommodation.

Changes made to agreements in writing

If an agreement in writing is entered into before September 25, 2006, but is changed on or after that date, the new document may be considered a new agreement in writing for which the VRP rebate would not be available. Persons should contact the CRA at 1-800-959-8287 for more information on when a written agreement that is changed is considered a new agreement in writing.

Additional information on the VRP

More detailed information on the VRP is available in pamphlets RC4031, *Tax Refund for Visitors to Canada*, and RC4117, *Tax Refund for Business Travel to*

Canada, and guide RC4036, *GST/HST Information for the Travel and Convention Industry*.

If the transitional rules for claiming a rebate under the VRP do not apply, a rebate under the FCTIP may be available. For more information on accommodation rebates that can be claimed under the FCTIP, see the following info sheets:

- GST/HST Info Sheet GI-044, *Foreign Convention and Tour Incentive Program – Tour Packages: What is an Eligible Tour Package*, for information on what is considered an eligible tour package;
- GST/HST Info Sheet GI-032, *Foreign Convention and Tour Incentive Program – Non-Residents Purchasing Tour Packages: Rebate for Eligible Tour Packages*, for information on rebates for eligible tour packages; and
- GST/HST Info Sheet GI-033, *Foreign Convention and Tour Incentive Program – Non-Resident Tour Operators: Rebate for Accommodation Sold in Eligible Tour Packages*, for information on rebates for short-term and/or camping accommodation purchased and then resold as part of a tour package.

This info sheet 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 any CRA GST/HST Rulings Centre for additional 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 the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling the toll-free number 1-800-567-4692, or visit their Web site at www.revenu.gouv.qc.ca.

All GST/HST publications are available on the CRA Web site at www.cra-arc.gc.ca/tax/technical/gsthst-e.html.

Reference in CRA publications is made to the harmonized sales tax (HST) that applies to property and services provided in Nova Scotia, New Brunswick, and Newfoundland and Labrador (the “participating provinces”) at a rate of 13%. The goods and services tax rate is 5%.