



FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM Sponsors of Domestic Conventions: Application of the GST/HST to Admissions Sold to Non-Residents

Note: This info sheet supersedes GST/HST Info Sheet GI-027, *Foreign Convention and Tour Incentive Program – Admissions to Domestic Conventions Sold to Non-Residents*, dated April 2007.

This info sheet explains how the GST/HST applies to admissions sold to non-residents attending domestic conventions.

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 does not apply to foreign conventions. For more information on foreign conventions, see GST/HST Info Sheet GI-029, *Foreign Convention and Tour Incentive Program – Sponsors of Foreign Conventions: What is a Foreign Convention and Rebate for Purchases*.

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

“Convention” means a formal meeting or assembly that is not open to the general public. It excludes a meeting or assembly the principal purpose of which is

- to provide any type of amusement, entertainment or recreation,
- to conduct contests or games of chance, or
- to transact the business of the convenor or attendees in the course of a trade show that is open to the general public, or otherwise than in the course of a trade show.

“Convention facility” means any real property that is rented by the sponsor or organizer of a convention for use exclusively as the site for the convention.

“Domestic convention” means a convention that is not a foreign convention.

“Foreign convention” means a convention where

- it is reasonably expected that at least 75% of the admissions are to be provided to non-residents at the time the sponsor determines the amount to be charged for the admissions, and
- the sponsor is an organization whose head office is situated outside Canada, or if the organization has no head office, the member or majority of members having management and control of the organization is, or are, non-residents.

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

“Registrant” means a person who is registered, or is required to be registered, for GST/HST purposes.

“Related convention supplies” means most property or services acquired, imported or brought into a participating province by a person exclusively to be consumed, used or provided in connection with a convention. It includes, for example, advertising and convention materials including programs, identification badges and banners; audio-visual services; organizer’s services; and the rental of business equipment.

In this info sheet, related convention supplies also include food, beverages and items provided under a contract for catering, including any gratuities charged. Short-term accommodation for attendees is

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considered a related convention supply only if it is included in their admission.

The following property and services are not related convention supplies:

- entertainment,
- transportation, other than chartered group transportation services used solely to transport convention attendees between any of the convention facilities, places of lodging, or transportation terminals, and
- property and services provided to the attendees for a separate charge from the admission.

For more information on what qualifies as related convention supplies, see guide RC4036, *GST/HST Information for the Travel and Convention Industry*.

“Sponsor” means the person who convenes and sells admissions to the convention. A sponsor might sometimes be referred to as the host of the convention.

Persons that support an event through sponsorship opportunities are not sponsors for GST/HST purposes.

Background

Effective April 1, 2007, the Visitor Rebate Program was cancelled and the Foreign Convention and Tour Incentive Program was introduced. This change did not affect how the GST/HST is calculated on admissions sold to non-residents attending domestic conventions. Consequently, the following rules apply to sales of admissions regardless of whether they were made before or after April 1, 2007.

Admissions sold to non-resident attendees

Registrant sponsors of domestic conventions (other than certain public service bodies) must charge the GST/HST on their admissions. When a sponsor sells admissions to non-residents, special rules apply to determine the amount of tax to be charged to the non-residents.

The following amounts are **excluded** when determining the GST/HST to be charged on admissions sold to non-resident attendees:

- the portion of the admission that is reasonably attributable to providing the convention facility;

- 50% of the admission that is reasonably attributable to providing related convention supplies that are food or beverages, or items provided under a contract for catering; and
- the portion of the admission that is reasonably attributable to all other related convention supplies.

Example

A sponsor spends the following on a domestic convention in a participating province in 2008:

Convention facility	\$10,000
Food and beverages	5,000
Other related convention supplies	<u>10,000</u>
Total expenses	<u>\$25,000</u>

The sponsor sells admissions to Canadian and non-resident attendees for \$50. The sponsor (or the organizer on the sponsor's behalf) follows the five steps listed below to determine the amount of HST to be charged on the admissions sold to non-resident attendees.

1. The sponsor calculates the total expenses that are reasonably attributable to the convention facility and related convention supplies, but includes only 50% of the expenses reasonably attributable to food and beverages in its calculation.

The sponsor adds:

Convention facility	\$10,000
Food and beverages (50% × \$5,000)	2,500
Other related convention supplies	<u>10,000</u>
Total	<u>\$22,500</u>

2. The sponsor divides the amount from Step 1 by the total expenses:

$$\$22,500 \div \$25,000 = 90\%$$

3. The sponsor calculates the percentage of the admission that is subject to HST:

$$100\% - 90\% = 10\%$$

4. The sponsor determines the portion of the admission charged to a non-resident attendee that is subject to HST:

Cost of the admission	\$50
Percentage subject to HST	<u>× 10%</u>
Portion of the admission subject to HST	\$5

5. The sponsor charges and accounts for \$0.65 HST on the admission sold to a non-resident attendee.

$$\$5 \times 13\% = \$0.65$$

Additional information

For more information on how the GST/HST applies to the convention industry, see guide RC4036, *GST/HST Information for the Travel and Convention Industry*.

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%.