



# Provincial Sales Tax (PST) Notice

Notice 2018-004

Issued: July 2018

## Notice to Accommodation Providers

### *Provincial Sales Tax Act*

This notice explains important changes to how PST and the municipal regional district tax (MRDT) apply to accommodation sold in BC. **These changes are effective October 1, 2018.**

**Note:** MRDT is only charged in participating areas. For a list of the areas collecting the MRDT, see [Bulletin PST 120, Accommodation](#).

### What is Changing?

Effective October 1, 2018, if you sell **accommodation** in BC, you must be registered to collect PST and MRDT (if applicable) **unless you:**

- sell only exempt accommodation (see Exemptions below and [Bulletin PST 120, Accommodation](#) for more information), or
- only list your accommodation on an **online accommodation platform** that is registered to collect PST and MRDT (see Accommodation Listed on an Online Accommodation Platform below).

Currently, **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, trailers 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

Accommodation includes lodging provided in residential dwellings that are boarding houses, rooming houses, bed and breakfast establishments, lodging houses, condominiums, mobile homes and trailers.

Effective October 1, 2018, **accommodation** will also include lodging provided in:

- A **residential dwelling, or any part of a residential dwelling**, used as lodging if the dwelling is listed on an online accommodation platform
- A stationary vehicle

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.

## Exemptions

### Fewer than 4 Units (Eliminated)

Effective October 1, 2018, the exemption for accommodation provided by a person who offers fewer than 4 units of accommodation will be eliminated. This means you will be required to register to collect PST and MRDT even if you offer fewer than 4 units of accommodation, unless you sell only exempt accommodation or only list your accommodation on an **online accommodation platform** that is registered to collect PST and MRDT (see Accommodation Listed on an Online Accommodation Platform below).

### Revenues Less than \$2,500

A new exemption will be available for accommodation providers who meet all of the following conditions:

- The accommodation is not listed on an online accommodation platform
- Gross revenue from the accommodation was less than \$2,500 in the previous 12 months
- Gross revenues in the next 12 months are reasonably estimated to also be less than \$2,500

### Low Cost Accommodation

Effective October 1, 2018, the exemption for accommodation where the charge is less than \$30 per day or \$210 per week will not apply to accommodation listed on an online accommodation platform.

### Long Stay Accommodation

Effective October 1, 2018, the exemption for accommodation provided for a continuous period of more than one month will be replaced with an exemption for accommodation provided for a continuous period of 27 days or more.

#### Example 1

You own a condominium in downtown Victoria as a second property. You offer short term accommodation at the condominium but do not list the property on an online accommodation platform. Your gross revenue from the sale of the accommodation is \$9,000 every 12 months. You must register to collect PST and MRDT.

#### Example 2

Your guest purchases accommodation in your hotel from November 15, 2018 to December 12, 2018. November 15 to December 12 is a continuous period of 27 days. You are not required to collect PST or MRDT on the sale.

For more information on exemptions, see [Bulletin PST 120](#), *Accommodation*.

## Transitional Rules

If you make a sale of accommodation before October 1, 2018, then the current rules apply. If the sale happens on or after October 1, 2018, then 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, then you apply the old rules because your customer had a binding agreement to pay for the accommodation prior to October 1, 2018 when they checked into your hotel.
- If your customer pays for the accommodation before October 1, 2018, then you must collect the tax based on the current 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 prior to October 1, 2018, then you must collect the tax based on the current rules regardless of whether the reservation was for accommodation on, before or after October 1, 2018.

**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.

- 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.

## Who Needs to Register?

### Online Accommodation Platforms

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. 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.

### Accommodation Listed on an Online Accommodation Platform

If you list your accommodation on an online accommodation platform, you must register to collect PST and MRDT unless:

- you sell only exempt accommodation, or
- you only list the accommodation on an online accommodation platform that is registered to collect tax.

### Example 1

You own a house in Vancouver. 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 are not required to register to collect PST or MRDT because the online accommodation platform will collect the tax.

### Example 2

You own 8 properties that you list on an online accommodation platform that is registered to collect PST and MRDT. The properties are a townhouse in Whistler, a cabin in Creston, a condominium in Kimberley, and 5 condominiums in Vancouver. You are not required to register to collect the tax because the online accommodation platform will collect the tax.

### Example 3

You own a condominium in Vancouver. You list the accommodation in the condominium on a registered online accommodation platform and on an unregistered online accommodation platform. Your gross revenue from the accommodation is \$15,000 every 12 months. 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 the non-registered online accommodation platform.

## **Accommodation Not Listed on an Online Accommodation Platform**

Unless you sell only exempt accommodation, you must register to collect PST and MRDT if you:

- sell accommodation but do not list the accommodation on an online accommodation platform that collects the tax for you,
- list on a registered online accommodation platform that collects the tax for you and sell the accommodation independent of the registered online accommodation platform, or
- list on both a registered and an unregistered online accommodation platform.

### Example 1

You own a cabin in Tofino. You sell accommodation in the cabin by listing it on an online accommodation platform and also in the local tourism periodical. The online accommodation platform is registered to collect PST and MRDT. Your gross revenue from the cabin is \$25,000 every 12 months. 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 2

You own a 2-room bed and breakfast in Sicamous. Your gross revenue from the bed and breakfast is \$15,000 every 12 months. You do not list the accommodation on an online accommodation platform that collects the tax for you. You must register to collect tax as your annual gross revenue exceeds the \$2,500 threshold.

### Example 3

You own a condominium in Kelowna. You sell accommodation in your condominium twice a year, but do not list the accommodation on an online accommodation platform that collects and remits the tax for you. Your gross revenue from the condominium is \$2,000 every 12 months. You are not required to register to collect tax because the accommodation you sell is exempt under the \$2,500 threshold.

### 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 that collects and remits the tax for you. 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.

## How to Register

You may 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

## Further Information

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)

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