

## Consumer Taxes

TVQ. 541.24-1/R2      **Collection of the Tax on Lodging**  
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Reference(s):            *Act respecting the Québec sales tax (CQLR, c. T-0.1), sections 541.24 to 541.25 and 541.32*

*This version of interpretation bulletin TVQ. 541.24-1 replaces the version of March 30, 2012. The bulletin was revised to take into account the measures announced by the Ministère des Finances et de l'Économie in 2012 relating to the tax on lodging (see Information Bulletins 2012-3 and 2012-4). It has effect from January 1, 2013, subject to the making of a regulation to amend the Regulation respecting the Québec sales tax to add to Schedule II.2 a fourth class containing the tourist regions where the \$3 tax per overnight stay applies.*

This bulletin explains the application of the *Act respecting the Québec sales tax* with respect to the collection of the tax on lodging.

### APPLICATION OF THE ACT

#### GENERAL RULES

1. Where a supply is made to a customer of an accommodation unit in a prescribed sleeping-accommodation establishment situated in a prescribed tourist region, the customer must pay the tax on lodging, computed on each overnight stay supplied.
2. Depending on the tourist region, the tax is equal to \$2 or \$3 per overnight stay or to 3% or 3.5% of the price of an overnight stay. However, in those tourist regions where the 3% or 3.5% tax applies, the tax is equal to \$3 or \$3.50 per overnight stay, respectively, if the supply of the accommodation unit is made by an intermediary (a person who receives a supply of an accommodation unit for resupply purposes, that is, to supply it to a third party). Points 15 through 18 of this bulletin deal with the supply of an accommodation unit by an intermediary.
3. Every operator of a sleeping-accommodation establishment who receives an amount from a customer (a person, other than an intermediary, who is the recipient of a supply of an accommodation unit) for the supply of such an accommodation unit must, as a mandatary of the Minister of Revenue, collect the tax at that time.

4. Every operator of a sleeping-accommodation establishment who receives an amount from an intermediary for the supply of such an accommodation unit must collect an amount equal to the tax.
5. The tax on lodging (or the amount equal to the tax on lodging) is part of the consideration on which the goods and services tax (GST) and Québec sales tax (QST) must be calculated.
6. The GST and QST small supplier rules do not apply to the collection of the tax on lodging.

### **BILLING THE \$2 OR \$3 TAX ON LODGING**

7. The \$2 or \$3 tax on lodging can be billed in different ways, depending on the situation.

#### Example

The operator of a sleeping-accommodation establishment that qualifies as a “small supplier,” as defined for QST purposes, makes a supply of an accommodation unit.

Accommodation unit	\$100.00
\$2 tax on lodging	\$2.00
Total	\$102.00

8. On an invoice, the \$2 or \$3 tax can be included in the price of the overnight stay, or it can be stated separately.

#### Example

The operator of a sleeping-accommodation establishment that is a QST and GST registrant makes a supply of an accommodation unit. The invoice can be drawn up using one of the following methods:

- Method 1

Accommodation unit (including the \$2 tax on lodging)	\$102.00
GST (\$102.00 × 5%)	\$5.10
QST (\$102.00 × 9.975%)	\$10.17
Total	\$117.27

- Method 2

Accommodation unit	\$100.00
\$2 tax on lodging	\$2.00
Subtotal	\$102.00
GST (\$102.00 × 5%)	\$5.10
QST (\$102.00 × 9.975%)	\$10.17
Total	\$117.27

9. Where a supply of an accommodation unit is made for no consideration, the \$2 or \$3 tax must nevertheless be collected.

## BILLING THE 3% OR 3.5% TAX ON LODGING

10. The 3% or 3.5% tax is not to be collected on the supply of an accommodation unit for no consideration, as multiplying an amount equal to zero by a rate of 3% or 3.5% gives a result of zero.

11. The 3% or 3.5% tax on lodging must be computed on the price of an overnight stay, regardless of any other goods or services supplied with the accommodation unit and whether or not their price is stated separately.

12. Thus, the value of breakfast, parking, or other goods or services supplied with an accommodation unit is not to be included in the price on which the 3% or 3.5% tax is computed.

13. When computing the tax, only fractions that are equal to or greater than \$0.005 are deemed equal to \$0.01.

14. The 3% or 3.5% tax must be indicated on an invoice in one of the following ways:

—Where the price of an overnight stay is indicated separately from the other goods or services supplied, the tax on lodging may be stated separately from the price, or a note specifying that the 3% or 3.5% tax on lodging is included in the price may appear on the invoice.

—Where the price of an overnight stay is not indicated separately from the other goods or services supplied, the amount of the tax must be indicated separately, and a note specifying that the tax in question is the 3% or 3.5% tax on lodging must appear on the invoice.

### Example 1

The operator of a sleeping-accommodation establishment makes a supply of an accommodation unit. The operator also supplies parking. The invoice can be drawn up using one of the following methods:

#### • Method 1

Accommodation unit	\$110.00
Parking	\$20.00
3% tax on lodging ( $\$110.00 \times 3\%$ )	\$3.30
Subtotal	\$133.30
GST ( $\$133.30 \times 5\%$ )	\$6.67
QST ( $\$133.30 \times 9.975\%$ )	\$13.30
Total	\$153.27

• Method 2

Accommodation unit (including the 3% tax on lodging)	\$113.30
Parking	\$20.00
Subtotal	\$133.30
GST ( $\$133.30 \times 5\%$ )	\$6.67
QST ( $\$133.30 \times 9.975\%$ )	\$13.30
Total	\$153.27

Example 2

The operator of a sleeping-accommodation establishment supplies a package for two people that includes one overnight stay, supper and breakfast. The 3.5% tax on lodging is calculated on the price of the overnight stay ( $\$105.00 \times 3.5\%$ ).

Package (including a \$3.68 tax on lodging, computed at 3.5%)	\$213.00
GST ( $\$213.00 \times 5\%$ )	\$10.65
QST ( $\$213.00 \times 9.975\%$ )	\$21.25
Total	\$244.90

Example 3

The operator of a bed and breakfast establishment supplies an overnight stay including breakfast. The 3% tax on lodging is computed on the price of the overnight stay ( $\$80.00 \times 3\%$ ).

Room and breakfast	\$85.00
3% tax on lodging	\$2.40
Subtotal	\$87.40
GST ( $\$87.40 \times 5\%$ )	\$4.37
QST ( $\$87.40 \times 9.975\%$ )	\$8.72
Total	\$100.49

**BILLING AN AMOUNT EQUAL TO THE TAX ON LODGING TO AN INTERMEDIARY**

**15.** Every operator must collect an amount equal to the tax on lodging where an accommodation unit is billed to an intermediary (e.g., a travel agent, a conference organizer or a person in charge of a social club who receives a supply of an accommodation unit in order to resupply it to a third party).

**16.** If the accommodation unit is situated in a region where the \$2 or \$3 tax applies, an amount of \$2 or \$3 must be collected for each unit supplied, depending on the situation. If the accommodation unit is situated in a tourist region where the 3% tax applies, the operator must collect an amount of \$3 per accommodation unit, rather than an amount computed at the 3% rate.

Similarly, if the accommodation unit is situated in a tourist region where the 3.5% tax applies, the operator must collect an amount of \$3.50 per accommodation unit, rather than an amount computed at the 3.5% rate.

**17.** On an invoice, the amount equal to the tax (\$2, \$3 or \$3.50) may be included in the price of an overnight stay, or it can be stated separately.

#### Example

The operator of a sleeping-accommodation establishment bills 20 accommodation units to a travel agent for one night. The travel agent acquires the accommodation units in order to resupply them to his or her customers. The operator bills an amount equal to the tax in effect in the tourist region where the establishment is situated.

- Tourist region where the \$2 tax applies

20 rooms for one night (20 × \$90)	\$1,800.00
\$2 tax on lodging (20 × \$2)	\$40.00
Subtotal	\$1,840.00
GST (\$1,840.00 × 5%)	\$92.00
QST (\$1,840.00 × 9.975%)	\$183.54
Total	\$2,115.54

- Tourist region where the 3% tax applies

20 rooms for one night (including the \$3 tax on lodging) (20 × \$90) + (20 × \$3)	\$1,860.00
GST (\$1,860.00 × 5%)	\$93.00
QST (\$1,860.00 × 9.975%)	\$185.54
Total	\$2,138.54

- Tourist region where the 3.5% tax applies

20 rooms for one night (20 × \$90)	\$1,800.00
\$3.50 tax on lodging (20 × \$3.50)	\$70.00
Subtotal	\$1,870.00
GST (\$1,870.00 × 5%)	\$93.50
QST (\$1,870.00 × 9.975%)	\$186.53
Total	\$2,150.03

**18.** Where a supply of an accommodation unit is made for no consideration, the amount equal to the tax (\$2, \$3 or \$3.50) must nevertheless be collected.