

Consumer Taxes

TVQ. 541.24-2/R2 **The tax on lodging and the supply of an accommodation unit for a period of more than 31 consecutive days**

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Reference(s): *Act respecting the Québec sales tax (CQLR, c. T-0.1), sections 541.23 and 541.24*

This version of interpretation bulletin TVQ. 541.24-2 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 Bulletin 2012-3). It has effect from July 1, 2012, 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 (AQST)* in respect of the tax on lodging and the supply of an accommodation unit for a period of more than 31 consecutive days.

APPLICATION OF THE ACT

GENERAL RULES

1. Section 541.24 of the AQST provides for payment of the tax on lodging at the time of the supply of an accommodation unit in a prescribed sleeping-accommodation establishment situated in a prescribed tourist region.
2. The tax is \$2 or \$3 per overnight stay, or 3% or 3.5% of the price of an overnight stay, depending on the tourist region. However, in tourist regions where the applicable tax rate is 3% or 3.5% of the price of an overnight stay, the tax is \$3 or \$3.50 per overnight stay, respectively, if the accommodation unit is supplied by an intermediary.
3. A “sleeping-accommodation establishment” is a tourist accommodation establishment within the meaning of the *Regulation respecting tourist accommodation establishments* (CQLR, chapter E-14.2, r. 1).
4. A tourist accommodation establishment is defined in that regulation as an establishment operated by a person who offers for rent to tourists, in return for payment, at least one accommodation unit for periods not exceeding 31 days. Accommodation units rented on an

occasional basis are not included in that definition. A group of movables and immovables, adjacent or grouped together, having accessories or dependencies in common, may constitute one establishment provided that the movables and immovables that form the establishment are operated by only one person and are part of the same class of tourist accommodation establishments.

ADMINISTRATIVE POLICY

5. Where an operator of a sleeping-accommodation establishment makes a supply of an accommodation unit to a customer and, under the agreement for the supply, the latter is made for a period of more than 31 consecutive days, the tax on lodging does not apply.

6. The operator of the sleeping-accommodation establishment must be able to prove to Revenu Québec that the contract for the supply of the unit covers a period of more than 31 consecutive days. Although no specific type of contract is required, a writing may make it easier to prove the existence of an agreement covering a period of more than 31 days.

7. However, the tax may or may not apply where a customer who entered into a contract to rent an accommodation unit for a period of more than 31 consecutive days leaves the establishment before the end of that period. Where the contract is cancelled and the operator invoices the customer for the number of overnight stays in the unit, the tax is payable if that number is 31 or less. Where, despite the early departure, the customer is required to pay the operator an amount for an occupancy period of more than 31 consecutive days, the tax does not apply.