

TAX ON LODGING



**IN MANY REGIONS
OF QUÉBEC, THE TOURISM
INDUSTRY CONTRIBUTES
TO THE VITALITY OF
THE LOCAL ECONOMY.**

If you operate a sleeping-accommodation establishment in a tourism region, this brochure is for you. It contains important information about applying the tax on lodging.

CONTENTS

Introduction	5
<hr/>	
Tax on lodging	6
<hr/>	
Sleeping-accommodation establishment	8
Sleeping-accommodation unit	10
Rentals for which the tax on lodging does not apply	10
Registering for the tax on lodging	11
<hr/>	
Operator of a sleeping-accommodation establishment	11
Person who operates a digital accommodation platform	12
Intermediary	12
Billing the tax on lodging	13
<hr/>	
Billing the 3.5% tax on lodging	13
Billing the tax on lodging to an intermediary	17
Billing the tax on lodging by an intermediary	18
Billing the tax on lodging for rental of a sleeping-accommodation unit through a digital accommodation platform operated by a person registered for the tax	19
Reporting and remitting the tax on lodging	21
<hr/>	
Operator of a sleeping-accommodation establishment	21
Person who operates a digital accommodation platform	22

This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Excise Tax Act*, the *Act respecting the Québec sales tax* or any other legislation.

ISBN 978-2-550-93510-0 (Print version)

ISBN 978-2-550-93511-7 (PDF)

Legal deposit – Bibliothèque et Archives nationales du Québec, 2022.



INTRODUCTION

The Québec government has set up a tourism partnership fund to support and promote the Québec tourism industry. The fund is financed in part by the tax on lodging.

This document informs operators of sleeping-accommodation establishments and persons who operate a digital accommodation platform about the tax on lodging and provides instructions on how to register for the tax and how to bill, collect and remit the tax.

As of January 1, 2020, a person who operates a digital accommodation platform may also be required to register for the tax on lodging, collect the tax and remit it to us. Through the platform, this person brings together the supplier and the renter of an accommodation unit, provides a framework for their exchanges and manages their financial transactions. For more information, go to revenuquebec.ca.



TAX ON LODGING

Each tourism region in Québec has the option of requesting that the tax on lodging apply in its territory. Such a request is made through the regional tourism association. In tourism regions where the tax applies, it is charged on the rental¹ of accommodation units in certain sleeping-accommodation establishments. Currently, the tax on lodging applies in 21 of the 22 tourism regions of Québec.²

The tax is calculated as follows:

- 3.5% of the price of an overnight stay; or
- \$3.50 per overnight stay if both the following apply:
 - the accommodation unit is rented to an intermediary,
 - the intermediary is renting out the accommodation unit.

1. The word “rental” is used in this document instead of “supply” (the term used in legislation) since accommodation units are generally supplied by way of rental. However, rental includes all supplies of accommodation units (including supplies made free of charge or by way of barter).

2. Nunavik is the only tourism region where the tax does not apply.



An intermediary is a person that acquires an accommodation unit for the purpose of renting it to another person. For example, an intermediary could be a travel agent, a conference organizer or a representative of a social club who acquires an accommodation unit in order to rent it again.

NOTE

If a sleeping-accommodation unit is rented to an intermediary through a digital accommodation platform operated by a person registered for the tax on lodging, the tax on lodging charged to the intermediary by the operator of the sleeping-accommodation establishment is calculated at the rate of 3.5% (instead of \$3.50 per overnight stay). When the intermediary rents the unit out to a third party, the intermediary must collect the same amount of tax (\$3.50) that it paid to the operator of the establishment.

The tax on lodging must be collected every time an accommodation unit is rented for more than six hours per 24-hour period in an establishment that is subject to the tax.



Sleeping-accommodation establishment

A sleeping-accommodation establishment is an establishment in which at least one accommodation unit meets the following conditions:

- it is offered for rent to tourists,³ in return for payment, for a period not exceeding 31 days on a regular basis within a single calendar year;
- its availability is publically advertised.

The following establishments are subject to the tax on lodging: general tourist accommodation establishments⁴ and principal residence establishments.⁵ Youth tourist accommodation establishments⁶ are not subject to the tax.

-
3. "Tourist" means a person who travels at least one night but less than one year outside the municipality of their residence, for pleasure, business or paid employment, and uses private or commercial lodging services.
 4. Establishments, other than principal residence establishments and youth tourist accommodation establishments, that offer accommodation in one or more types of accommodation units, such as hotels, bed and breakfast establishments, tourist homes, cottages and outfitting operations.
 5. Establishments that offer, following a single reservation, accommodation in the principal residence of the natural person who operates the establishment for one person or one group of related persons at a time and not including any meals served on the premises.
 6. Establishments in which at least 30% of accommodation units consist of beds in one or more dormitories or where accommodation is mainly offered as part of activities intended primarily for underprivileged individuals or individuals who have a disability. A dormitory is a room that contains at least 2 beds offered for rent individually.

Rental on a regular basis

We consider a unit to be offered for rent on a regular basis if the rental offer is:

- habitual (continuous or frequent);
- recurrent (repetitive);
- constant (permanent or stable).

Note that we also consider a unit to be offered for rent on a regular basis in the same calendar year if the following two conditions are met, even if the preceding conditions are not met:

- the accommodation unit is offered for rent through a digital accommodation platform;
- the digital platform is operated by a person registered for the tax on lodging.

NOTE

If you are an individual who rents out one or more sleeping-accommodation units, you can be considered an operator of a sleeping-accommodation establishment. As such, you must meet certain tax obligations including being registered for the tax on lodging. For more information, see the **Citizens** section of our website.



Sleeping-accommodation unit

A sleeping-accommodation unit includes a room, bed, suite, apartment, ready-to-camp unit, cottage or house.

A ready-to-camp unit is a structure installed on a platform, on wheels or directly on the ground and provided with the equipment necessary to stay there, including self-catering kitchen facilities.

Examples of a ready-to-camp unit include a cabin, trailer, yurt, teepee, igloo or any type of tent that is already set up on a site.

Rentals for which the tax on lodging does not apply

The tax on lodging does not apply to the rental of:

- a camp site (a site that could accommodate a tent or a recreational vehicle, for example);
- an accommodation unit in a youth tourist accommodation establishment;
- an accommodation unit rented for six hours or less, or for more than 31 consecutive days; or
- an accommodation unit rented on an occasional basis, such as:
 - once a year during a festival,
 - once a year while the owner is on vacation and is absent from their property,
 - once a year during school break.



REGISTERING FOR THE TAX ON LODGING

Operator of a sleeping-accommodation establishment

If you operate an establishment that is subject to the tax on lodging and is located in a tourism region in which the tax applies, you are required to register for the tax. You need only register once, even if all the establishments you operate are located in more than one tourism region. However, you must identify the location of each establishment when you register, as you must file a separate return for each tourism region in which you operate an establishment.

You can register using the online services on our website. You can also register by telephone by calling one of the numbers at the end of this document.

You can also register using form LM-1-V, *Application for Registration*, which is available on our website. You can also order a copy of the form online or by telephone.

The operator of a sleeping-accommodation establishment is generally the person who is responsible for the administration and upkeep of accommodation units and who takes care of renting the units, advertising, routine repairs and other such tasks. The operator can be the owner or a person to whom these tasks have been entrusted.

NOTE

If you are already registered for the tax on lodging, you must inform us if you start operating an establishment in another tourism region. You must file a separate return for each tourism region in which you operate an establishment.

If the person who operates a digital accommodation platform through which you offer sleeping-accommodation units has not yet registered for the lodging tax, or if the person is registered but does not receive the total amounts for rental of the units, you are required to be registered for the tax on lodging, to collect the tax and to remit it to us.

If you offer sleeping-accommodation units **solely** through a digital accommodation platform operated by a person registered for the tax on lodging and that person receives all amounts for rental of the units, you are not required to register for the tax.

Person who operates a digital accommodation platform

If you operate a digital accommodation platform and receive an amount for rental of a sleeping-accommodation unit in an establishment covered by the tax on lodging, you are required to be registered for the tax. For more information, go to our website.

Intermediary

If you are an intermediary, you do not have to register for the tax on lodging.

BILLING THE TAX ON LODGING

Billing the 3.5% tax on lodging

You are not required to bill the 3.5% tax if you supply an accommodation unit free of charge.

You must calculate the 3.5% tax only on the price of an overnight stay, regardless of anything that is supplied with the sleeping-accommodation unit and regardless of whether or not such supplies are included in the price. For example, the value of breakfast, parking and any other property or services supplied with the sleeping-accommodation unit is excluded from the price on which the 3.5% tax is calculated.

In calculating the tax, only fractions of tax equal to or greater than \$0.005 are rounded off to \$0.01.

On the written record of the rental, you must show the 3.5% tax on lodging in one of the following ways:

- **If you list** the price of an overnight stay separately from the other property and services supplied, you can list the price and the amount of the tax separately, or you can specify that the price includes the 3.5% tax on lodging.
- **If you do not list** the price of an overnight stay separately from the other property and services supplied, you must list the amount of the tax separately and identify it as the 3.5% tax on lodging.



If you are registered for the GST and the QST, you must calculate those taxes on the total, including the price of the overnight stay, the tax on lodging and the price of any property or services supplied along with the sleeping-accommodation unit.

Example

A hotel operator rents out a room for one night and also supplies parking. There are two ways to show the 3.5% tax.

Room		\$135.00
Parking	+	\$20.00
3.5% tax on lodging ($\$135 \times 3.5\%$)	+	\$4.73
Subtotal		\$159.73
GST ($\$159.73 \times 5\%$)	+	\$7.99
QST ($\$159.73 \times 9.975\%$)	+	\$15.93
Total		\$183.65

Room (this amount includes the 3.5% tax on lodging)		\$139.73
Parking	+	\$20.00
Subtotal		\$159.73
GST ($\$159.73 \times 5\%$)	+	\$7.99
QST ($\$159.73 \times 9.975\%$)	+	\$15.93
Total		\$183.65



Example

A hotel operator sells an overnight accommodation package for two that includes a full-course dinner and breakfast. The 3.5% tax on lodging is calculated on the price of the overnight stay ($\$150.00 \times 3.5\% = \5.25).

Package (including an amount of \$5.25 representing the tax on lodging calculated at 3.5%)

		\$295.00
GST ($\$295.00 \times 5\%$)	+	\$14.75
QST ($\$295.00 \times 9.975\%$)	+	\$29.43
Total		\$339.18

Example

A room is rented in a bed and breakfast establishment for one night. The 3.5% tax on lodging is calculated on the price of the overnight stay ($\$85.00 \times 3.5\% = \2.98).

Room and breakfast		\$95.00
3.5% tax on lodging	+	\$2.98
Subtotal		\$97.98
GST ($\$97.98 \times 5\%$)	+	\$4.90
QST ($\$97.98 \times 9.975\%$)	+	\$9.77
Total		\$112.65



Even if you are not registered for the GST and the QST, you must still collect the tax on lodging. In such cases, simply add the tax to the amount of the rental.

Example

A room is rented in a bed and breakfast establishment for one night. The 3.5% tax on lodging is calculated on the price of the overnight stay ($\$60.00 \times 3.5\% = \2.10).

Room and breakfast			\$65.00
3.5% tax on lodging	+		\$2.10
Total			\$67.10



Billing the tax on lodging to an intermediary

The following rules apply when you rent an accommodation unit to an intermediary without going through a digital accommodation platform operated by a person registered for the tax on lodging:

- You must collect the \$3.50 tax on lodging in advance if you receive an amount from an intermediary for the rental of a sleeping-accommodation unit. You must collect \$3.50 for each unit rented instead of calculating the tax at the 3.5% rate.
- If you supply an accommodation unit free of charge to an intermediary, you must collect the \$3.50 tax.
- If you are registered for the GST and QST, these taxes apply in all cases to the amount of the tax on lodging collected.

Example

A hotel operator bills a travel agent for 20 accommodation units for one night.

20 rooms for one night (20 × \$90.00)		\$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



Billing the tax on lodging by an intermediary

The following rules apply when an accommodation unit is rented by an intermediary without going through a digital accommodation platform operated by a person registered for the tax on lodging:

- When the intermediary rents out an accommodation unit that was acquired from an operator of an establishment to whom the intermediary paid an amount equal to the tax on lodging, the intermediary must bill the tax on lodging at a rate of \$3.50 per overnight stay. However, the intermediary is not required to remit that amount to us.
- If the intermediary provides an accommodation unit free of charge, the intermediary must bill the \$3.50 tax.
- If the intermediary is registered for the GST and QST, the intermediary must calculate the taxes on the total including the price of the overnight stay and the tax on lodging.

Example

A travel agent acquires 20 accommodation units from a hotel operator for one night. The intermediary pays \$90 per unit plus the tax on lodging of \$3.50 as well as the GST and QST. The travel agent then rents the unit to a client for \$120.00 plus the taxes.

One unit for one night		\$120.00
Tax on lodging	+	\$3.50
Subtotal		\$123.50
GST ($\$123.50 \times 5\%$)	+	\$6.18
QST ($\$123.50 \times 9.975\%$)	+	\$12.32
Total		\$142.00



Billing the tax on lodging for rental of a sleeping-accommodation unit through a digital accommodation platform operated by a person registered for the tax

As an operator of a sleeping-accommodation establishment covered by the tax on lodging, if you offer a sleeping-accommodation unit for rent through a digital accommodation platform and the person who operates the platform is registered for the tax on lodging, only that person is required to collect the tax if they receive all the amounts for rental of the unit.

If the person who operates the platform receives only part of the amount paid for rental of the sleeping-accommodation unit, that person must calculate and collect the tax on lodging only on this amount.

In addition, if you receive only part of the amount paid for rental of the sleeping-accommodation unit, you must calculate and collect the tax on lodging only on this amount.

Example

If the person who operates a digital accommodation platform receives \$60 for rental of a sleeping-accommodation unit and the operator of the sleeping-accommodation establishment also receives \$60 for rental of the same unit (for a total of \$120), they must both calculate and collect the tax on lodging on the \$60 they received, which is \$2.10 each.



The \$3.50 per night rate is replaced by the rate of 3.5% of the cost of the night if the unit is rented to an intermediary through a digital accommodation platform operated by a person registered for the tax on lodging.

Example

A hotel operator charges a travel agent \$90.00 for a sleeping-accommodation unit for one night. The transaction is concluded through a digital accommodation platform operated by a person registered for the tax on lodging.

Room for one night		\$90.00
Tax on lodging ($\$90 \times 3.5\%$)	+	\$3.15
Subtotal		\$93.15
GST ($\$93.15 \times 5\%$)	+	\$4.66
QST ($\$93.15 \times 9.975\%$)	+	\$9.29
Total		\$107.10

Example

A travel agent acquires a sleeping-accommodation unit from a hotel operator for \$90.00 for one night. The transaction is concluded through a digital accommodation platform operated by a person registered for the tax on lodging. The unit is rented to a client for \$120.00.

Unit for one night		\$120.00
Tax ($\$90 \times 3.5\%$)	+	\$3.15
Subtotal		\$123.15
GST ($\$123.15 \times 5\%$)	+	\$6.16
QST ($\$123.15 \times 9.975\%$)	+	\$12.28
Total		\$141.59



REPORTING AND REMITTING THE TAX ON LODGING

Operator of a sleeping-accommodation establishment

If you are required to collect the tax on lodging, you must file a return for each quarter showing the tax you collected or should have collected. You must file your return and make your payment **no later than the end of the month following the calendar quarter** covered by the form, regardless of the date on which your fiscal period ends.

If you operate establishments in more than one tourism region in which the tax on lodging applies, you must file a separate return for each region. This ensures that the tax collected in a given region is used for the tourism industry in that region.

You must enter the amount of tax you collected or should have collected on your return. Remit the full amount payable. If you do not have an amount to remit for the quarter, enter 0 on your return.

You can file your return using our online services or the form we send you. If you use our online services, you can also view your returns, payments, refunds and account statements.



We may check your returns at any time to ensure that they are accurate. You should therefore keep all relevant documents, such as your invoices and the part of the return that you are asked to keep for your own files (if you use the paper return), for six years following the year to which they relate.

Person who operates a digital accommodation platform

Every person who operates a digital accommodation platform and is registered for the tax on lodging must file a quarterly return showing the tax they collected or should have collected. The return must be filed and the amount due paid by the end of the month following the calendar quarter concerned, regardless of the end date of the person's fiscal period.

If the person receives amounts for the rental of sleeping-accommodation units in more than one tourism region in Québec, they must file a single return for all of them. For more information, go to our website.



TO CONTACT US

ONLINE

revenuquebec.ca



BY TELEPHONE

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City

418 659-6299

Montréal

514 864-6299

Elsewhere

1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

Québec City

418 659-4692

Montréal

514 873-4692

Elsewhere

1 800 567-4692 (toll-free)

Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

Québec City

418 652-6159

Elsewhere

1 800 827-6159 (toll-free)

Individuals with a hearing impairment

Montréal

514 873-4455

Elsewhere

1 800 361-3795 (toll-free)

BY MAIL

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Complaints – Bureau de la protection des droits de la clientèle

Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5