

# GST/HST Info Sheet

## VISITOR REBATE PROGRAM — Accommodation Rebate for Non-Residents

April 2007

This info sheet explains when non-residents that are not tour operators will still be eligible for the GST/HST rebate paid on purchases of short-term or camping accommodation in spite of the proposed cancellation of the Visitor Rebate Program (the VRP).

This info sheet applies only to purchases of short-term or camping accommodation that is not included in a tour package and that:

- is part of a continuous accommodation at the same facility that started before April 2007; or
- was sold to the non-resident under an agreement in writing entered into before September 25, 2006, and first made available before April 2009.

This info sheet does not apply to purchases of short-term or camping accommodation that is purchased for resale as part of a tour package. Please refer to GST/HST Info Sheet GI-033, *Foreign Convention and Tour Incentive Program – Rebate for Non-Registered Non-Resident Tour Operators Purchasing Accommodation*, for more information on this topic.

In this publication, “short-term accommodation” means a residential unit or complex that is rented as a place of lodging for an individual who will occupy it continuously for a period of less than one month and costs more than \$20 per night. It does not include a complex or unit rented under a timeshare arrangement. Overnight or week-long

accommodation in hotels or motels would usually be short-term accommodation.

“Camping accommodation” means a campsite at a campground or recreational trailer park that is rented continuously as a place of lodging for periods of less than one month for the same individual. It includes water, electricity and waste disposal services if accessed by means of an outlet or hook-up at the campsite and if supplied with the campsite.

The “GST” means the 6% goods and services tax and the 6% federal component of the harmonized sales tax (HST).

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

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

This info sheet reflects proposed amendments to the *Excise Tax Act* (the Act) announced by the Minister of Finance in the Budget of March 19, 2007. Any commentary in this info sheet should not be taken as a statement by the Canada Revenue Agency (CRA) that these amendments will be enacted in their current form.

GI-026

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La version française du présent document est intitulée *Programme de remboursement aux visiteurs — Remboursement pour logement aux non-résidents*.

**Canada**

**Background**

On September 25, 2006, the Government of Canada announced that the VRP would be cancelled as part of a package of spending restraint measures. Budget 2007 confirmed the cancellation of the VRP.

Budget 2007 proposes the new Foreign Convention and Tour Incentive Program that provides tax relief to non-residents in respect of short-term or camping accommodation included in a tour package. Please refer to GST/HST Info Sheet GI-032, *Foreign Convention and Tour Incentive Program – Rebate for Non-Residents Purchasing Tour Packages*, for more information regarding rebates available on tour packages that include short-term or camping accommodation.

**Accommodation rebates for non-residents**

Under the VRP, a non-resident was eligible for a rebate of the GST/HST paid on purchases of short-term or camping accommodation. For example, a non-resident individual was eligible for a rebate of the GST/HST paid on short-term or camping accommodation purchased while vacationing or attending a convention in Canada. Similarly, a non-resident business was eligible for a rebate of the GST/HST paid on short-term or camping accommodation purchased for use by a non-resident employee or client.

The VRP will continue to apply to short-term or camping accommodation made available after March 2007 if the accommodation:

- is part of a continuous accommodation at the same facility that started before April 2007; or
- was sold to the non-resident under an agreement in writing entered into before September 25, 2006, and first made available before April 2009.

In all other cases, a non-resident individual or business is no longer eligible for a rebate of the GST/HST paid on purchases of short-term or camping accommodation that is made available after March 2007.

**Agreements in writing**

For purposes of the VRP, an agreement in writing includes electronic agreements that are capable of being rendered into writing (e.g., electronic hotel reservations) provided there is enough information that the parties to the agreement are aware of their rights and duties. A written agreement does not include advertising materials such as catalogues, pamphlets or brochures.

For purposes of the VRP, non-residents may be eligible for a rebate of the GST/HST paid on short-term or camping accommodation in certain situations where they are indirectly covered under an agreement in writing entered into between other parties (e.g., between a convention organizer or sponsor and a hotel) before September 25, 2006.

**Example 1**

A non-resident individual stayed at a Halifax hotel during the last week of March and the first week of April 2007. The room was reserved in February 2007.

The non-resident individual is eligible for a rebate of the HST paid on the purchase of the short-term accommodation because the accommodation was part of a continuous accommodation at the same facility that started before April 2007.

**Example 2**

A non-resident employee stayed at a Ottawa motel in July 2007. The person's non-resident employer had reserved the room in June 2007.

The non-resident employer is not eligible for a rebate of the GST paid on the purchase of the short-term accommodation because the accommodation was first made available after March 2007 and it was not purchased under an agreement in writing entered into before September 25, 2006.

**Example 3**

A non-resident individual travelled to Vancouver during May 2008 and attended a convention. The sponsor of the convention had booked a block of rooms under an agreement in writing entered into in August 2006 and the individual had reserved one of these rooms.

Although the accommodation was made available after March 2007, the non-resident individual is eligible for a rebate of the GST paid on the short-term accommodation purchased from the hotel because the accommodation was sold under an agreement in writing entered into

before September 25, 2006, and the accommodation was first made available before April 2009.

### **Rebate claims process**

Eligible non-residents can receive a rebate by:

- being paid or credited the amount directly by a registrant supplier (e.g., a hotel), provided certain criteria are met; or by
- filing a rebate claim directly with the CRA.

### **Proof**

Eligible non-residents that claim the rebate directly with the CRA must be able to prove that they qualify for it. For example, they must provide original copies of invoices, receipts or other documents that confirm the amount of the GST/HST charged to and paid by them.

Also, these eligible non-residents must be able to prove either that the accommodation is part of a continuous accommodation at the same facility that started before April 2007, or that the accommodation was sold to them under an agreement in writing entered into before September 25, 2006. In the latter case, eligible non-residents will have to provide the agreement or a copy of a ruling letter issued by the CRA with respect to the agreement.

### **Additional information**

Please refer to the pamphlets RC4031, *Tax Refund for Visitors to Canada*, and RC4117, *Tax Refund for Business Travel to Canada*, and the guide RC4036, *Information for the Travel and Convention Industry*, for more information, including restrictions on claiming, paying or crediting a rebate.

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 Revenue Québec by calling the toll-free number 1-800-567-4692.

All GST/HST publications are available on the CRA web site at [www.cra-arc.gc.ca/tax/technical/gsthst-e.html](http://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 14%. The goods and services tax rate is 6%.