

## **Municipal Accommodation Tax Frequently Asked Questions for Accommodators – Updated January 27, 2023 (change in yellow)**

### **What is the Municipal Accommodation Tax?**

The Municipal Accommodation Tax, or MAT, is a 4% tax charged on the cost of fixed roof transient accommodations sold for a continuous period of less than 30 days within the boundaries of the Town of Gravenhurst.

The tax applies to all accommodation sold for a continuous period of less than 30 days in a hotel, motel, lodge, inn, hostel, bed and breakfast, dwelling unit or any place an accommodation is provided.

### **When do I start charging the Municipal Accommodation Tax?**

Effective January 31, 2023.

### **Is this a mandatory or voluntary tax?**

Mandatory. The Municipal Accommodation Tax must be collected by the accommodation provider at the same time customers are charged for the booking.

### **What is the authority to charge the Municipal Accommodation Tax?**

The municipality is authorized per section 400.1 of the Municipal Act, 2001 and Ontario Regulation 435/17 to establish and to collect the tax.

### **What happens with the money collected through the Municipal Accommodation Tax?**

The tax will generate funding to promote tourism within the Town of Gravenhurst. 60% of the net revenue from the Municipal Accommodation Tax will go to tourism promotion and development with a focus on attracting more visitors to the Town. These funds will be managed by a volunteer board comprised of tourism stakeholders with a target to invest funds in tourism products or tourism development beginning in the fourth quarter 2023. The other 40% of the net revenue will be retained by the Town in a fund earmarked for infrastructure projects that promote tourism and that benefit residents and visitors.

### **What hotel/accommodation charges are exempt from the Municipal Accommodation Tax?**

- Amenity fees and service charges including meals, room incidentals, valet services or parking provided they are separately itemized on the invoice.
- Hospitality rooms and meeting rooms that do not contain a bed are not considered accommodations.

**Are long-term contracts for room rentals with businesses that exceed 30 days exempt?**

Yes, the Municipal Accommodation Tax would not apply for a contract of 30 days or more (assuming we put this in the bylaw).

**Do I need to report months where no revenue is earned or no MAT tax is collected?**

Yes, you would simply indicate zero revenue on your monthly remittance OR, in the case where no MAT tax is collected (i.e. guests are staying longer than 30 nights), you would show this as revenue with exemption reasons.

**What if I have existing contracts with businesses with a fixed room rate?**

Municipal Accommodation Tax applies to accommodations purchased on or after January 31, 2023. If payment occurs on or after January 31 for accommodation occupied on or after January 31, Municipal Accommodation Tax applies.

For group contracts (an agreement for use of guestrooms for specific dates), so long as the contract is signed by January 31, 2023 and the group event dates occur prior to December 31, 2023, the group is exempt from paying the Municipal Accommodation Tax regardless of payment date. By March 31, 2023, please submit a list of all group contracts, along with arrival/departure dates and total estimated guestroom revenue, if available, for the groups you will be requesting exemption for. The Town of Gravenhurst may require a signed copy of the contract for auditing purposes.

The MAT is a mandatory tax, however we anticipate you may have some leisure guests who wish to dispute this charge. Until March 31, 2023, leisure guests who dispute the Municipal Accommodation Tax can contact the Town of Gravenhurst to request a refund by contacting [visit@gravenhurst.ca](mailto:visit@gravenhurst.ca) and provide a receipt showing full payment with the MAT tax amount detailed.

**Do I need to show the Municipal Accommodation Tax on the invoice or receipt?**

Yes, every bill, receipt, invoice or similar document for the purchase of accommodation must have a separate item identified as "Municipal Accommodation Tax" showing the rate at which the Municipal Accommodation Tax is calculated (4%) and the amount of the Municipal Accommodation Tax charged.

### **Is the Harmonized Sales Tax (HST) charged on the Municipal Accommodation Tax?**

Yes, if the accommodation provider is registered for HST. The accommodation provider is responsible for collecting and remitting the HST on the room charge and on the Municipal Accommodation Tax. HST is remitted directly to the Canada Revenue Agency. HST does not need to be charged if the accommodation provider is not registered for HST.

### **What revenue does the Municipal Accommodation Tax apply to if I charge a fee that includes accommodation and meals (i.e. bed and breakfast)?**

It is the responsibility of the accommodation provider to allocate the revenue from the accommodation charge separate from other services, amenities or charges on the invoice and collect and remit the Municipal Accommodation Tax on the accommodation portion of the fees. In the case where packages are sold that include accommodation, a fair value for the accommodation revenue would need to be reported.

### **What happens if guests do not show up for their reservation?**

The Municipal Accommodation Tax is to be collected and remitted if the accommodation is charged. If the guest is not charged but is required to pay a cancellation fee, the Municipal Accommodation Tax would not apply to the cancellation fee.

### **Do I have to charge the Municipal Accommodation Tax if a guest has booked their stay prior to when the Municipal Accommodation Tax is implemented?**

If the accommodation was booked and paid for in full prior to January 31, 2023, the Municipal Accommodation Tax is not applicable. If the accommodation was booked before January 31, 2023 but paid for on or after January 31, 2023, the Municipal Accommodation Tax is to be charged, collected and remitted on the full amount.

### **If a guest puts a deposit to hold a room prior to January 31, 2023 for a booking January 31, 2023 or later, does Municipal Accommodation Tax apply?**

Yes, if final payment in full for accommodation occurs on or after January 31, 2023, the Municipal Accommodation Tax applies to the full accommodation rate, regardless of any deposits made.

### **If a guest's stay begins prior to January 31, 2023 and ends after January 31, 2023, do I charge the Municipal Accommodation Tax when their stay begins?**

The Municipal Accommodation Tax must be charged starting January 31, 2023. The Municipal Accommodation Tax is not to be applied to any nights prior to January 31, 2023.

## **When is my first remittance due?**

The Municipal Accommodation Tax collected for Hotels, Motels, Bed & Breakfasts and traditional accommodators, will be collected monthly and Tax from Short Term Rentals will be remitted quarterly. Hotels to remit MAT collected on or before the 15<sup>th</sup> day of the calendar month for the prior month. Short Term Rental operators will remit MAT collected on or before the 15<sup>th</sup> day of April 15<sup>th</sup>, July 15<sup>th</sup>, September 15<sup>th</sup> and January 15<sup>th</sup>, 2024 for the previous quarter.

Access to an online reporting tool will be provided by the Ontario Restaurant Hotel & Motel Association the week of February 20<sup>th</sup>, 2023. This tool will be used to reporting & remittance. Stay tuned for an invitation to the tool.