

Information Notice
Retail Sales Tax Branch

June 2001

All-Inclusive Vacation Packages**About this Notice**

This Notice clarifies how Retail Sales Tax (RST) applies to all-inclusive vacation or tour packages, such as canoeing, kayaking or other adventure type tours.

Method to Calculate the RST

You may use one of the following methods to calculate the RST:

1. Charge 8% RST on the entire package, **or**
2. Break out all items listed in the package separately and show the individual price plus appropriate RST owing, **or**
3. Prepare a "Master Calculation Sheet" (as outlined below) that shows each of the package plans and the package prices.

Do not include the federal Goods and Services Tax (GST) when calculating the RST.

Charging RST

The application of RST to all-inclusive vacation packages remains unchanged. The total charge made for tour packages is taxable at the rate of 8% unless the prices for the taxable components are separated from the non-taxable components.

If you separate the charges for the package or you use a "Master Calculation Sheet", you **must** charge 8% RST on:

- the rental of tents, camping equipment and other gear
- the rental of kayaks, canoes, boats and/or other equipment (with or without a guide)
- prepared meals over \$4.00
- soft drinks and snack foods.

You do **not** charge RST on separate charges for:

- site rentals
- park admissions
- instructional courses
- services of a tour guide or trip leader.

Using a "Master Calculation Sheet"

A "Master Calculation Sheet" shows each of the package plans and the package prices.

1. For each package and price on the master sheet:
 - list the components of the package, such as kayak rental, tent rental, site rental, prepared meals, etc.
 - show the amount of money charged for each component (as part of the package price)
 - calculate the appropriate RST owing on each component based on the appropriate tax rate, then
 - total the RST owing for each package and list it on the master calculation sheet beside the appropriate package.

**Using a
“Master
Calculation
Sheet”
(continued)**

2. When a customer picks a particular vacation package, show on your customer's invoice the package price and only the total RST owing on the package (taken from the master calculation sheet).
3. You must keep all your master calculation sheets on the calculation of RST on packages in your bookkeeping files (either manually or electronically) for audit purposes. If you wish, you may send your “Master Calculation Sheets” to the Ministry of Finance, Retail Sales Tax Branch, Tax Advisory Unit, 33 King Street West, Oshawa, Ontario, L1H 8H5, or fax to (905) 433-5254, for verification that you have properly calculated the RST.
4. If your customer asks to see how you calculated the RST, you must show them your “Master Calculation Sheets”.
5. You must ensure that the RST owing is shown in Canadian dollars and is based on Canadian prices, even if you advertise the package price in US dollars.

**Exemption
on
Equipment**

You can purchase equipment that you rent to your customers, such as tents, boats, camping gear, etc., without paying RST by giving your suppliers a properly completed Purchase Exemption Certificate (PEC). For details on PECs, please refer to ***RST Guide 204 - Purchase Exemption Certificates***.

**For More
Information**

The information contained in this Notice is only a guideline. Due to the complex nature of all-inclusive vacation or tour packages, it is impossible for us to address every situation in this Notice. To obtain an official interpretation on your specific situation, you may write to us at: Ontario Ministry of Finance, Retail Sales Tax Branch, Tax Advisory Unit, 33 King Street West, Oshawa, Ontario, L1H 8H5, or fax your request for ruling to (905) 433-5254.

For more information, please contact the nearest Ontario Ministry of Finance Tax Office listed in the blue pages of your telephone directory, call our TAX FAX service at 1-877-4-TAX-FAX (1-877-482-9329) or visit our Web site at:
www.trd.fin.gov.on.ca

You may also be interested in the following publications:

RST Guides

300 - Prepared Foods
301 - Accommodation
500 - Food Products
501 - Snack Foods, Beverages and Candies
503 - Recreational Facilities

Small Business Pointers

SBP 906 - Prepared Foods
SBP 908 - Accommodation