

Completing the Tax Return Form

Hotel Room Tax Act

Update: Budget 2006

Effective February 22, 2006, the provisions for exempt accommodation are expanded to include shorter stays and higher daily/weekly rate thresholds.

The *Hotel Room Tax Return* ([FIN 432](#)) is designed to help you calculate and remit your taxes correctly and on time. This bulletin will guide you through filling out the return.

A copy of the tax return is attached to the back of this bulletin for your reference. It has three main parts.

- **Information:** The top portion of the front of the form gives you important information – please read it.
- **Worksheet:** The back portion of the form gives you a worksheet to calculate the amount of tax you need to remit. It also allows you to work out the commission you have earned.
- **Remittance Form:** The bottom tear-off Remittance Form is what you complete and send in with your payment. Remember, the tax return is only for tax collected or payable during the reporting period, as well as any tax you need to self-assess and remit on purchases for own use on which tax was not paid. Any other payments, for example, an account payment, must be reported and paid separately.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Hotel Room Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

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INTERNAL TAX ACCOUNT ADJUSTMENTS

Please take time to read **all** of the information on the front of the *Hotel Room Tax Return*. Not doing so could result in costly errors.

The Business Number

The top of the *Hotel Room Tax Return* contains a space in which the Business Number (BN) appears. Each business is assigned a common BN that identifies the business and its various accounts.

If the BN does not appear in this space, a number will be assigned to you shortly.

This number will appear on correspondence from us. You may also quote the Business Number when communicating with any participating government agency.

For a list of participating agencies and additional information, please visit our website at www.sbr.gov.bc.ca/ctb/SingleBusinessNumber

Due Date

The due date is printed on the tax return next to the large black arrow. Your return and the tax due needs to be remitted by this date or you will be charged interest and your commission will not be allowed. You may also be charged a penalty. See the tax return for more information about penalties.

Getting Help

The tax return gives you phone numbers to call if you need help. It also refers you to the Consumer Taxation Branch Web site at www.sbr.gov.bc.ca/ctb

Printed Messages

A printed message appears on the left part of the form. This message might be of a general nature intended for all vendors, or it might be specific to those in your type of business. This message provides you with useful updates, important changes, and various tips that will help you avoid costly tax errors. It is important that you read it carefully each month.

Nil Return - No Tax Due?

You are required to complete and send in your tax return even if you did not make any taxable sales. In this case, when completing your Remittance Form, enter your total sales in **Box A** (enter zero if no sales) and enter "NIL" in the Total Amount Due box - **Box I**.

If you fail to complete the return, an estimated assessment will be issued. When faxing a nil return, make sure to fax both sides with your registration number written on both. **Financial institutions are not able to accept nil returns.**

If you are filing nil returns often, please consider contacting us to have your return period lengthened.

No Tax Return?

If a tax return containing your business information does not reach you by the time your remittance is due, you are still responsible for reporting your sales and submitting the tax owing by the due date. Complete a copy of your return providing all the information normally shown on the form, including your registration number and return period.

Blank returns are available on our Web site. However, **financial institutions are not able to accept returns printed from the Internet** because these web-based forms do not include the bar coding needed by banks to process the return.

COMPLETING THE WORKSHEET

The worksheet will help you avoid costly and time-consuming errors. Once completed, it becomes a copy for your records. There are four steps to follow.

STEP 1

Total Accommodation Sales

Enter the total amount (not including GST or other taxes) of **all sales** of accommodation, taxable and non-taxable, made during the reporting period in **Box A** including:

- sales on which you are required to collect the tax under the *Hotel Room Tax Act*, including sales for cash and credit; and
- sales that are not taxable under the Act.

STEP 2

Tax Collectable on Accommodation Sales

Calculate the total amount of tax that should have been collected on sales of accommodation. Where you are entitled to an internal tax account adjustment (see the section on "Internal Tax Account Adjustments"), subtract the total amount of the adjustment from the total tax collectable on sales and enter the resulting amount in **Box B**.

The tax collectable on accommodation sales includes the following amounts.

- The total tax collected on sales in the reporting period.
- The total tax that should have been collected (e.g., credit sales) on sales during the reporting period.

Operator's Commission

Once you know how much tax was collectable on your sales, you can determine the amount of your commission by referring to this section on the worksheet. Enter your commission in **Box C**.

You can claim a commission only if your return is filed and paid in full by the due date shown on the front of the tax return.

You can claim only one commission per legal entity even if you have more than one location and more than one tax return being sent to you. Your commission is calculated on the combined tax from all locations for the legal entity.

Operators with multiple registrations may find it easier to consolidate all individually registered locations. Under a consolidated account, only one tax return form per reporting period is required to report the sales and taxes collected for all locations of that operator.

If consolidation would be of benefit to you, please contact us at 604 660-4524 in Vancouver, or 1 877 388-4440 outside of Vancouver.

Net Tax Due on Sales Before Adjustments

Subtract your commission from the amount of tax collectable on sales in **Box B** and enter the resulting amount in **Box D**.

STEP 3

Adjustments

With the exception of internal adjustments (see below), there are only three adjustments that you may use on your tax return to reduce the tax due. These adjustments are recorded in boxes E, F, and/or G on the tax return form.

Documentation substantiating adjustments must be retained for inspection and audit.

Box E Enter the amount of tax that you remitted on accommodation sold to guests whose stay was over one month.

More Info: [Bulletin HRT 006](#), *Your Responsibilities as a Registered Operator*.

Box F Enter the amount of tax you remitted on accommodation sold on credit, where the debt was written off.

More Info: [Bulletin GEN 001](#), *Refund of Tax Remitted on Sales Written Off as "Bad Debts"*.

Box G If the tax adjustment has been pre-authorized, you will have been advised of this by a Notification of Credit or a Statement of Account. Enter the amount of the credit here.

Box H Enter the total amount of the adjustment(s) being made.

No other adjustments may be taken in Step 3 of the tax return. However, you may make an "internal adjustment" to your tax account in certain circumstances. For further information, refer to the section on "Internal Tax Account Adjustments" in this bulletin.

STEP 4

Total Amount Due

Subtract the total amount of adjustments being made (**Box H**) from the tax payable before adjustments (**Box D**). Enter the resulting amount in **Box I**. This is the amount of tax due, which must be enclosed with the tax return form. Please ensure you write your registration number on your cheque.

INTERNAL TAX ACCOUNT ADJUSTMENTS

Internal adjustments can only be taken with respect to overpayments occurring within the **current tax return period and the period immediately prior to the current tax period**.

For example, if you file your tax return monthly, you can only use internal tax account adjustments for the two calendar months prior to the end of the reporting period covered by your return.

If you have made an overpayment prior to these reporting periods, you must apply to us for a refund.

More Info: [Bulletin GEN 008](#), *Refunds of Overpayment of Tax*.

Internal adjustments to your tax account may be taken **only** in the circumstances discussed below.

When you are entitled to take an internal tax account adjustment, subtract the adjustment amount from the amount of tax collectable on sales and enter the total in Box B. **Do not use boxes E, F or G. These are to be used only for the purposes indicated.**

Please note: you cannot reduce the tax remittable to below zero. If your adjustments are greater than the tax due, you must apply for a refund from the Consumer Taxation Branch.

Tax Charged in Error and Subsequently Returned to the Customer

Where you have incorrectly charged tax and then refunded it to the person who paid the tax, you may take an internal adjustment of that amount.

This may include tax incorrectly charged on tax-exempt accommodation (e.g., accommodation sold for a price of \$30 or less per day or \$210 or less per week) or accommodation purchased by individuals entitled to an exemption (e.g., diplomats or members of a Consulate who possess an identity card issued by Foreign Affairs Canada).

More Info: [Bulletin HRT 006](#), *Your Responsibilities as a Registered Operator*.

Too Much Tax Collected

Where you have charged too much tax due to a mathematical error, or through calculating hotel room tax on a GST-included price, and you have returned the overpayment to the customer, you may make an internal adjustment in the amount of tax over-collected.

Price Adjustment to Customer

Where a price adjustment is made for a customer, for example on accommodation sold immediately prior to the introduction of a special rate and the customer has requested the special rate, you may make an internal adjustment in the amount of the tax refunded.

DOCUMENTING INTERNAL ADJUSTMENTS

Proper accounting techniques and practices must be followed in taking the above internal adjustments. You must keep all documentation to justify the adjustments, including an explanation for why the adjustment was made. If such documentation is not available for inspection or audit, you will be liable for an assessment of tax, interest, and penalty where applicable.

If you have any doubts about whether you should take an internal tax account adjustment, please contact the Consumer Taxation Branch.

If you believe you have overpaid tax in circumstances where adjustments are not allowed in Step 3 of the tax return or through an internal tax adjustment as outlined above, you must apply separately for a refund from the Consumer Taxation Branch.

COMPLETING THE REMITTANCE FORM

Completing the Form

The Remittance Form is the part you detach and send in with your payment. It must contain complete information. On the back of the form, simply copy the figures you entered in boxes A, B, C, D, E, F, G, H, and I, from your worksheet onto the Remittance Form.

Be sure to enter the amount paid on the front of the remittance form. This is the amount that you are remitting.

Check the date that is entered in the Period Covered section. If your return is not for the full month(s) indicated, state the period reported, including a start date and an end date in the space provided.

Certification

When you have completed the Remittance Form and calculated the tax due and payable, complete and sign the certification section.

Closing or Selling Your Business

If you have permanently discontinued or sold your business, you **must** check the “**Business Closed**” box on the front of the Remittance Form and provide the information requested.

Your *Certificate of Registration* must be returned to the Director, *Hotel Room Tax Act*, within 15 days from the date of the sale or discontinuance of your business.

If you do *not* do these things, you will continue to receive tax returns from us. If you do not properly close your account, you must continue to file a return.

REMITTING TAX AT A FINANCIAL INSTITUTION

Hotel room tax may be remitted through certain Canadian banks, credit unions, and trust companies. Please check with your financial institution to find out if this is a service it offers.

Please Note: Financial institutions can only process original copies of the tax return (i.e., the copy you receive in the mail). They cannot process copies printed from the Consumer Taxation Branch Web site. These must be sent directly to the branch.

Fees

Your financial institution may charge a fee for accepting your tax payment. If there is a fee, it must be paid separately. It cannot be added to the tax remittance paid, nor can it be deducted from the amount of tax due.

Present the Whole Tax Return

Both the **Remittance Form** portion and the worksheet must be stamped and you will receive the worksheet portion back as a receipt. The **Remittance Form** section will be sent to the Ministry of Small Business and Revenue for processing to your account.

Ensure Your Return is Stamped as Being on Time

If you are remitting tax on the due date, you must ensure that the correct date is stamped on your return. After a certain time of day, banks may date their work as though it were processed on the next business day. If this occurs, your return will be considered late.

Payments made through an automatic bank machine are stamped as of the day they are processed, which may be the next business day. For this reason, **you should not use automated bank machines** when making a payment near the due date.

Nil Returns

Nil returns (returns where no tax is due) cannot be processed by a financial institution.

RETENTION OF RECORDS

Record Keeping

You must keep all books of account, records and documents of sales and adjustments for inspection by Consumer Taxation Branch representatives for a period of seven years.

If you make a written application to the director for permission to destroy a book of account, record or document, the director may authorize the requested destruction prior to the expiry of this seven year period.

Please contact the Consumer Taxation Branch for more information.

SALES OTHER THAN ACCOMMODATION

Alcohol, Souvenirs, Etc.

If you sell alcoholic beverages, gifts, or any other items of tangible personal property, you must also be registered under the *Social Service Tax Act* and submit a separate return for the tax collected on such sales. Contact us for an application form and information regarding registration under this Act.

MUNICIPAL AND REGIONAL TAX RETURN

Requirements

All establishments located within approved municipalities and regional districts are required to charge both the 8% provincial hotel room tax and the municipal and regional district tax on all sales of accommodation that are subject to tax under the *Hotel Room Tax Act*.

This municipal and regional tax must be remitted separately to the Minister of Finance no later than the 15th day following the end of the reporting period. Separate tax return forms will be provided to all operators who are required to remit the tax.

Completing the Form

The process and instructions for completing the *Municipal and Regional Tax Return* are the same as for the *Hotel Room Tax Return Form*, with one difference: no commission is allowed for collection of municipal and regional district tax. Therefore, there is no box on the form for this amount.

More Info: [Bulletin HRT 007](#), *Municipal and Regional District Tax*.

NEED MORE INFO?

This bulletin is provided for convenience and guidance.

If you have any questions, call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

References: *Hotel Room Tax Act*, Sections 1, 2, 3, 7, 8, 9 and 23 and Regulations 2.2, 2.4, 4.4, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6 and 6



Ministry of
Small Business
and Revenue

HOTEL ROOM TAX RETURN

Under the *Hotel Room Tax Act*

SAMPLE

Important tax messages will be printed in this space.

Please take the time to read them.

If you have any questions about how to complete this new tax return form, please do not hesitate to contact the Consumer Taxation Branch.

Thank you.

Freedom of Information and Protection of Privacy Act (FOIPPA)

The personal information requested is collected under the authority of and used for the purpose of administering the *Hotel Room Tax Act*. Questions about how the FOIPPA applies to this personal information can be directed to the general inquiry line at 604 660-4524 in Vancouver, or toll-free at 1 877 388-4440 elsewhere in Canada, or in writing to Revenue Programs Division, Suite 800 - 360 West Georgia Street, Vancouver BC V6B 6B2.

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DETACH HERE AND FORWARD WITH YOUR PAYMENT

Business Number	
Registration Number	
DUE DATE	
<i>To avoid penalty & interest, see below</i>	
Period Covered	



Questions?

Call the Consumer Taxation Branch:
In Vancouver 604 660-4524
Outside of Vancouver 1 877 388-4440



Refer to Bulletin HRT 003 for instructions on completing the tax return. It is available from any branch office or on our Web site: www.sbr.gov.bc.ca/ctb



Mail the Remittance Form, your payment, and any required documentation to:
The Director, Hotel Room Tax
PO Box 9442 Stn Prov Govt, Victoria BC V8W 9V4

NO Tax Collectable in this Period?

You Must Still File a "NIL" Return.

Mail or fax (250 356-1330) **both sides** of this Remittance Form to the branch. Financial institutions WILL NOT accept "NIL" returns.

To Avoid Penalty and Interest:

For your return to be considered on time, the following is required:

- mailed returns with payment must be postmarked on or before the due date; OR
- if not mailed, returns with payment must be received and date stamped by a Consumer Taxation Branch, Government Agents office, or accepting Canadian financial institution on or before the due date.

In all cases, payments must be negotiable on or before the due date.

Returns paid at financial institutions on the due date that are date stamped the next business day will be considered late.

If your tax return is late, you may be assessed a penalty equal to 10% of the tax due. Commission will be disallowed and interest assessed.

If you do not receive a tax return for a reporting period, you still must pay your taxes by the due date. Provide all information normally provided on the return. A blank form is available on our Web site at: www.sbr.gov.bc.ca/ctb/forms.htm

Commission Eligibility:

Each business (legal entity) may claim only one commission for each reporting period, even if it has more than one registration number and files more than one tax return. Claim the commission only on the registration number specified by the branch.



Ministry of
Small Business
and Revenue

Remittance Form HOTEL ROOM TAX RETURN

Registration Number

DUE DATE

To avoid penalty & interest, see above

Period Covered

If filing period is different, enter the correct period mm / dd / yy to mm / dd / yy

ENTER AMOUNT PAID

\$

Payable at most Canadian Financial Institutions
Make cheque or money order payable to Minister of Finance

(OVER)



Business Closed – permanently or temporarily?

YES? Check the box and do the following:

- **Notify us that you have closed your business** or you will continue to receive tax returns that you must file even if no tax is due. If you DO NOT file the returns, you will be assessed for the estimated tax collected, penalty and interest.
- **Please mail or fax (250 356-2195) the following information:**
1) operator name and registration number; 2) date of closure; 3) reason for closure; and 4) if sold, provide name, address, and phone number of purchaser.

NO Tax Collectable in this Period? You must still file a "NIL" return. See above for more details.

Complete both sides of Remittance Form

Hotel Room Tax Return Worksheet

STEP 1 Total Accommodation Sales

Enter your taxable, non-taxable, and exempt sales in Box A. Total Accommodation Sales
A

STEP 2 Tax Collectable on Sales

Enter all tax that you have collected or should have collected (e.g., credit sales) in Box B. Tax Collectable on Sales
B

Operator's Commission (To deduct commission, you must submit your return and pay in full by the due date.)

If Box B is . . .	Enter in Box C . . .	
\$11.00 or less	Amount of tax collectable	Operator's Commission C
\$11.01 – \$333.33	\$11.00	
More than \$333.33	3.3% of tax collectable. Maximum amount is \$99.00	B – C = D D

Net Tax Due on Sales Before Adjustments

"NIL" Return: You must file this return even if NO tax was collectable. You can mail or fax (250 356-1330) **both sides** of the Remittance Form. **Write your registration number on all pages.**

STEP 3 Adjustments

Only three adjustments can be taken. Any others will be disallowed. Check the applicable box(es) and enter the appropriate amount(s). You must keep documentation supporting each adjustment, for audit purposes. You must provide the documentation on request.

<input type="checkbox"/> Hotel Room Tax Refunded to Guests Whose Stay was Over One Month	E
<input type="checkbox"/> Bad Debt Write-Off	F
<input type="checkbox"/> Notification of Credit (pre-authorized tax adjustment)	G

Total Adjustments = E + F + G = H
H

STEP 4 Total Amount Due (Enter the amount paid on front of Remittance Form) D – H = I
I

Make cheque or money order payable to:
Minister of Finance

A \$20 fee will be charged for dishonoured cheques.

Please proceed to Remittance Form below and fill in information from worksheet as directed

REMITTANCE FORM – Summary from Hotel Room Tax Return Worksheet

Please write your Registration No. H	Total Accommodation Sales (Enter amount from Box A)	A
Teller Date Stamp	Tax Collectable on Sales (Enter amount from Box B)	B
	Operator's Commission (Enter amount from Box C)	C
	Net Tax Due on Sales Before Adjustments (Enter amount from Box D)	D
	Adjustments (Enter amounts from Boxes E, F, G, & H)	
For Office Use	<input type="checkbox"/> Hotel Room Tax Refunded to Guests Whose Stay was Over One Month	E
	<input type="checkbox"/> Bad Debt Write-Off	F
	<input type="checkbox"/> Notification of Credit (pre-authorized tax adjustment)	G
	Total Amount Due (Enter amount from Box I)	H
		I

CERTIFICATION: I certify that the information I have provided on this form is true and correct, knowing that there are penalties for false statements.

Signature: _____ Print Name: _____ Daytime Telephone: () _____