

Municipal and Regional District Tax: Information for Municipalities and Regional Districts

Hotel Room Tax Act

The *Hotel Room Tax Act* enables collection of an additional tax of up to two per cent on sales of accommodation in designated areas of the province. The following information is provided for municipalities, regional districts, and others who may be interested in this tax.

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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MUNICIPAL AND REGIONAL DISTRICT TAX

Additional Tax on Accommodation

Municipalities and regional districts may arrange for the province to levy, on their behalf, an additional tax on accommodation sold within their jurisdiction, with the funds collected being committed to a specific purpose. The tax may be levied in the whole municipality or regional district, or a prescribed area within the boundaries of the municipality or regional district.

This tax is collected by the province through the existing hotel room tax collection system administered by the Consumer Taxation Branch. The tax collected is then remitted to the municipality or regional district on a monthly basis. The branch charges the municipality or regional district an administration fee to recover the additional costs incurred for collection and administration of the tax.

Uses of Funds Collected

The additional tax is intended to assist municipalities and regional districts in financing and operating new tourist facilities and with tourism

promotion. It is not generally intended to fund existing facilities unless significant upgrading to the facilities takes place, although this may be considered in certain circumstances. Convention centres or other facilities encouraging tourism development are examples of projects to which this provision would apply.

HOW TO PARTICIPATE IN THE PROGRAM

Bylaw Requirement

Municipalities and regional districts are required to pass a bylaw requesting the province to levy the additional tax on their behalf.

The bylaw should contain the following information.

- The rate of tax to be charged.
- The geographic area in which the additional tax will apply; that is, whether it will apply in the whole municipality or regional district or in a smaller area.
- The purpose for which the funds will be used.
- The desired effective date of the new tax, recognizing that some lead time will be necessary to implement the new procedures.

Additional Information and Documentation Requirements

Applicants must be prepared to provide the following additional information or documentation at the time of application.

- Municipalities should provide evidence that the regional district in which they are located has been **consulted** and whether the regional district supports or opposes the imposition of the additional hotel room tax.
- Regional districts should provide evidence that the municipalities within the regional district **agree** with the additional tax being imposed on behalf of the regional district.
- Regional districts should also provide evidence of their authority to use the funds for the intended purpose, either through their letters patent or statutory authority.
- A current list of all operators of hotel/motel accommodations located within the geographic area covered by the bylaw application. (This is required to ensure that all hotel operators within the jurisdiction are contacted and advised of the requirements and to enable tax return forms to be provided to them to remit the additional tax collected).
- Municipalities and regional districts should provide evidence that the local accommodation sector has been consulted and whether they support the imposition of the additional hotel room tax.

In the event of a conflict between a regional district and a municipality about whether additional hotel room tax should be imposed in a particular area, priority will generally be given to the position of the municipality.

Assistance With Your Application

Before making a formal application, municipalities and regional districts may wish to consult with the Director, Tax Policy Branch, Ministry of Finance, PO Box 9469, Stn Prov Govt, Victoria, British Columbia, V8W 9V8.

Application Approval

Forward applications to the Minister of Finance, PO Box 9048, Stn Prov Govt, Victoria, British Columbia, V8W 9E2. Applications will be reviewed by the Ministry of Finance and the Ministry of Tourism, Sport and the Arts, and the applicant may be asked to provide additional information.

If the application is approved, an Order in Council will be prepared for the Lieutenant Governor in Council to authorize the collection of the additional tax on behalf of the applicant.

Notification of Operators

The Consumer Taxation Branch will contact all operators of accommodation within the jurisdiction in which the additional tax will apply to provide information on procedures for collection of the tax.

OTHER ELIGIBLE ENTITIES

Public Bodies

The *Hotel Room Tax Act* also allows eligible entities, as prescribed by the Lieutenant Governor in Council, to apply to have the additional tax levied on their behalf.

Any public body, other than a municipality or regional district, interested in requesting that additional hotel room tax be levied in a specific area should contact the Director, Tax Policy Branch, Ministry of Finance, PO Box 9469, Stn Prov Govt, Victoria, British Columbia, V8W 9V8.

COMPLIANCE WITH PROGRAM OBJECTIVES

Reporting Requirements

Regional districts, municipalities, and eligible entities participating in this program are required to provide audited documentation to the Minister of Finance annually, indicating the disposition of all funds collected and a statement that the funds expended have been used for the purpose for which they were initially committed.

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

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