



FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM

Sponsors of Foreign Conventions: What Is a Foreign Convention and Rebate for Purchases

Note: This info sheet supersedes GST/HST Info Sheet GI-029, *Foreign Convention and Tour Incentive Program – Rebate for Sponsors of Foreign Conventions*, dated April 2007.

This info sheet explains what a foreign convention is and how the GST/HST applies to items provided by sponsors of foreign conventions. It also explains how sponsors can claim a rebate of the GST/HST paid on purchases made in connection with a foreign convention.

Effective January 1, 2008, the rates of the GST and the HST have been reduced. The rate of the GST has been reduced from 6% to 5%. The rate of the HST has been reduced from 14% to 13%.

This info sheet does not provide information on domestic conventions. For information on how the GST/HST applies to admissions sold to non-residents attending domestic conventions, see GST/HST Info Sheet GI-027, *Foreign Convention and Tour Incentive Program – Sponsors of Domestic Conventions: Application of GST/HST to Admissions Sold to Non-Residents*.

In this publication, the “GST” means the 5% goods and services tax and the “HST” means the 13% harmonized sales tax.

“Convention” means a formal meeting or assembly that is not open to the general public. It excludes a meeting or assembly the principal purpose of which is

- to provide any type of amusement, entertainment or recreation,
- to conduct contests or games of chance, or
- to transact the business of the convenor or attendees in the course of a trade show that is open to the general public, or otherwise than in the course of a trade show.

“Convention facility” means any real property that is rented by the sponsor or organizer of a convention for use exclusively as the site for the convention.

“Exclusively” generally means 90% or more for persons that are not financial institutions.

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

“Organizer” means the person who acquires the convention facility or related convention supplies, and who organizes the convention for the sponsor. An in-house organizer or an organizer acting as an agent of a sponsor is also not an organizer for purposes of this GST/HST rebate. More information can be found under the heading “Who claims the rebate”.

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

“Related convention supplies” means most property or services acquired, imported or brought into a participating province by a person exclusively to be consumed, used or provided in connection with a convention. It includes, for example, advertising and convention materials, including programs, identification badges and banners; audio-visual services; organizer’s services; and the rental of business equipment.

In this info sheet, related convention supplies also include food, beverages and items provided under a contract for catering, including any gratuities

La version française de la présente publication est intitulée *Programme d’incitation pour congrès étrangers et voyages organisés – Promoteurs de congrès étrangers : ce qu’est un congrès étranger et remboursement de la taxe payée sur les achats afférents*.



charged. Short-term accommodation for attendees is considered a related convention supply only if it is included in their admission.

The following property and services are not related convention supplies:

- entertainment,
- transportation, other than chartered group transportation services used solely to transport convention attendees between any of the convention facilities, places of lodging, or transportation terminals, and
- property and services provided to the attendees for a separate charge from the admission.

For more information on what qualifies as related convention supplies, see guide RC4036, [GST/HST Information for the Travel and Convention Industry](#).

“Sponsor” means the person who convenes and sells admissions to the convention. A sponsor might sometimes be referred to as the host of the convention.

Persons that support an event through sponsorship opportunities are not sponsors for GST/HST purposes. These persons may be exhibitors if they rent exhibition space at a convention exclusively for use as a site for the promotion of their properties or services, or their business. For more information on exhibitors, see GST/HST Info Sheet GI-028, [Foreign Convention and Tour Incentive Program – Non-Resident Exhibitors: Application of GST/HST to Purchases and Rebate for Purchases](#).

Background

Effective April 1, 2007, the Visitor Rebate Program was cancelled and the Foreign Convention and Tour Incentive Program was introduced. This change did not affect the rules regarding foreign conventions. Consequently, the following rules apply to foreign conventions held before and after April 1, 2007.

What is a foreign convention

A foreign convention is a convention where:

- it is reasonably expected that at least 75% of the admissions are to be provided to non-residents at the time the sponsor determines the amount to be charged for the admissions, and

- the sponsor is an organization whose head office is situated outside Canada, or if the organization has no head office, the member or majority of members having management and control of the organization is, or are, non-residents.

To determine if the number of non-resident attendees is at least 75% of those attending the convention, the sponsor can use the percentage of non-resident attendees who:

- attended previous conventions;
- are usually invited to attend the convention; or
- are listed as members of the organization.

The sponsor can also use any other reasonable method.

If the sponsor, using a reasonable method, determines that at least 75% of attendees will be non-residents, and discovers later that less than 75% of the attendees were non-residents, the convention is still a foreign convention.

Example 1

An international society has 2,000 members of which 20% are Canadians. The society has no central headquarters. Its executive is made up of 15 members, two of whom are Canadians. Each year the society holds a conference to discuss its work. This year the society holds a conference in Canada where only the members are invited. It is expected that 90% of the attendees will be non-residents.

The conference is a convention because it is a formal meeting that is not open to the general public and the principal purpose of the conference is to discuss the society's activities. It is a foreign convention because at least 75% of the attendees are expected to be non-residents and the majority of the members having management and control are non-residents.

Example 2

An amateur athletic association holds try-out sessions at a gymnasium in Canada to determine which athletes qualify to participate in an international competition. The event is open only to the participating athletes.

These try-out sessions are not a convention because the principal purpose of the sessions is to conduct athletic contests. Therefore, the try-outs cannot be a foreign convention.

Applying the GST/HST to items sold by sponsors of foreign conventions

Sponsors of foreign conventions do not charge the GST/HST on the following items even if they are registrants:

- admissions to the convention regardless of whether the attendees are residents or non-residents of Canada; and
- exhibition space rented, and related convention supplies provided, to exhibitors regardless of whether the exhibitors are residents or non-residents of Canada.

The sale or rental of these items is not made in the course of a commercial activity. Consequently, sponsors of foreign conventions are not required to register for GST/HST purposes as a result of holding a convention in Canada.

If, at a foreign convention, a sponsor sells other items such as books and souvenirs, the sponsor may have to register for GST/HST purposes and charge tax on these sales. Guide RC4027, *Doing Business in Canada – GST/HST Information for Non-Residents*, provides more information on registering, collecting and accounting for the GST/HST.

Sponsors that are registrants

Sponsors of foreign conventions may be registrants because they are engaged in commercial activities in Canada. However, because the activity of holding a foreign convention in Canada is not a commercial activity, registrant sponsors are not eligible to claim input tax credits for the GST/HST paid on expenses related to their sales of admissions to attendees and to exhibition space or related convention supplies provided to exhibitors. They also cannot claim input tax credits for the GST/HST paid on their purchases or rentals of a convention facility or related convention supplies. However, they may be entitled to claim a rebate.

Rebate available to sponsors of foreign conventions

To recover the GST/HST paid on a convention facility and related convention supplies, sponsors of foreign conventions can claim a rebate of:

- 100% of the GST/HST paid on the convention facility;
- 50% of the GST/HST paid on related convention supplies that are food, beverages and items provided under a contract for catering; and
- 100% of the GST/HST paid on all other related convention supplies.

Example 3

The following lists what a sponsor spent on a foreign convention in a participating province:

	Cost	HST
Meeting rooms	\$2,500	\$325
Equipment rentals	4,000	520
Convention materials	1,500	195
Meals/catering	5,000	650
Entertainment	<u>2,000</u>	<u>260</u>
Total expenses	<u>\$15,000</u>	<u>\$1,950</u>

The sponsor can claim 100% of the HST paid on the meeting rooms (convention facility) and on the equipment rentals and convention materials (related convention supplies). The rebate on meals and catering is limited to 50% of the HST paid. There is no rebate for entertainment as it is not a related convention supply.

The sponsor can claim a rebate as follows:

	HST	Rebate
Meeting rooms	\$325	\$325
Equipment rentals	520	520
Convention materials	195	195
Meals/catering	<u>650</u>	<u>325</u>
Total	<u>\$1,690</u>	<u>\$1,365</u>

Sometimes an organizer charges the sponsor an all-inclusive price to organize a convention. Items that are not eligible for the rebate may be included in this price. The sponsor determines the rebate using the amount of the GST/HST calculated on the part of the price that is reasonably attributable to the items that qualify, and then claims a rebate on those items.

Example 4

An organizer charges \$20,000, plus \$1,000 GST to the sponsor of a foreign convention held in Ontario. This includes the rental of the convention facility, advertising, security, convention materials, food, beverages, and entertainment.

The rebate is for all of the GST paid on the convention facility, advertising, security, and convention materials, but is limited to 50% of the GST paid on food and beverages. In addition, there is no rebate for the tax paid on entertainment.

The sponsor has to determine the part of the GST that is reasonably attributable to the items that qualify for the rebate. If the sponsor determines that 65% of the expenses relate to the convention facility and related convention supplies (RCS) (other than food and beverages), 20% to food and beverages, and 15% to entertainment, the sponsor will calculate the rebate amount as follows:

Convention facility & RCS: $\$1,000 \times 65\%$	\$650
Food and beverages: $\$1,000 \times 20\% \times 50\%$	<u>100</u>
Total rebate	<u>\$750</u>

Who claims the rebate

In-house organizers

An in-house organizer such as an employee acquiring related convention supplies on behalf of a sponsor is not an organizer for purposes of this rebate. The sponsor is the person acquiring the supplies, and consequently is the person who is eligible to claim a rebate.

Example 5

A company asks its own travel department to organize a foreign convention in Canada. On behalf of the company, the travel department enters into a contract with a Canadian supplier for the rental of the convention facility and the purchase of related convention supplies.

The travel department is not an organizer for GST/HST purposes because it is purchasing the convention facility and related convention supplies on behalf of the company. The company is acquiring the supplies and, as a sponsor, is the person who may be eligible to claim a rebate.

Organizers acting as an agent of a sponsor

Sometimes an organizer of a foreign convention acquires related convention supplies on behalf of the sponsor who reimburses the organizer for the cost of the supplies, plus the tax paid. In this situation, the organizer is an agent of the sponsor, and the sponsor is the person acquiring the supplies. Consequently, the sponsor is the person that is

eligible to claim a rebate. For more information on agency, see GST/HST Info Sheet GI-012, *Agents*.

How to get a rebate amount

An eligible supplier may pay or credit a rebate amount to the sponsor at the point of sale. If the rebate amount is not paid or credited at the point of sale, the sponsor can claim the rebate by filing a rebate claim with the CRA.

Rebate amount paid or credited at the point of sale

Only the following registrants can pay or credit the rebate amount to the sponsor of a foreign convention:

- an organizer of a foreign convention;
- an operator of a convention facility who is not the organizer of the convention; or
- a supplier of short-term or camping accommodation who is not the organizer of the convention.

In this info sheet, these persons are referred to as “eligible suppliers”.

The rebate amount that can be paid or credited at the point of sale is the same as the amount that sponsors would have received from the CRA if they had paid the tax and filed a rebate claim with the CRA.

If an eligible supplier pays or credits a rebate amount at the point of sale, the sponsor cannot claim the same amount, or any part of it, by filing a rebate claim with the CRA. However, if a sponsor is paid or credited a rebate amount at the point of sale, and has other related convention supplies that qualify for a rebate and for which it was not paid or credited, the sponsor can file a rebate claim for these qualifying items with the CRA.

Before paying or crediting a rebate amount, an eligible supplier should verify that the sponsor qualifies for it. If the eligible supplier pays or credits a rebate amount, and at that time the eligible supplier knew, or ought to have known, that the sponsor did not qualify for the rebate, both the eligible supplier and the sponsor are jointly and severally liable to pay back the amount to the Receiver General. Otherwise, only the sponsor is liable to pay back the amount. These rules also apply

if an amount is paid or credited in excess of the amount that the sponsor is entitled to receive.

Rebate claimed with the CRA

If an eligible supplier does not (or cannot) pay or credit a rebate amount at the point of sale, the sponsor can file form GST386, *Rebate Application for Foreign Conventions*, with the CRA within one year after the day the convention ends. The sponsor can make only one rebate claim per convention.

Proof

A sponsor must provide the following supporting documents with its rebate claim to confirm that the event is a convention and to prove that the sponsor paid the GST/HST charged by the organizer or supplier:

- the convention agenda, itinerary or event program;
- copies of invoices or receipts showing the GST/HST paid; and
- the complete hotel folio (the entire hotel bill).

The above documents have to be in English or French, or a translation provided.

If a sponsor does not provide these supporting documents with its rebate claim, the claim will be denied.

As part of their record-keeping, sponsors must maintain documents supporting their calculation of the percentage of Canadian and non-resident delegates in order to prove that the convention was a foreign convention. These documents must be in English or French, or a translation provided, and they must be made available to the CRA on demand. The documents must be kept in Canada unless the sponsor gets permission from the CRA to maintain them outside Canada. For more information on books and records, see GST/HST Memorandum 15.1, *General Requirements for Books and Records*.

Additional information

See guide RC4036, *GST/HST Information for the Travel and Convention Industry*, for more information on how the GST/HST applies to the convention industry.

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 Revenu Québec by calling the toll-free number 1-800-567-4692, or visit their Web site at www.revenu.gouv.qc.ca.

All GST/HST publications are available on the CRA Web site at 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 13%. The goods and services tax rate is 5%.