



FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM Non-Registered Organizers of Foreign Conventions: Rebate for Purchases

Note: This info sheet supersedes GST/HST Info Sheet GI-030, *Foreign Convention and Tour Incentive Program – Rebate for Non-Registered Organizers*, dated April 2007.

This info sheet explains how non-registered organizers of foreign conventions can claim a rebate of the GST/HST paid on convention facilities and related convention supplies.

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 apply to registrant organizers of foreign conventions. For more information on when registrant organizers can pay or credit the rebate amount to a sponsor, see GST/HST Info Sheet GI-031, *Foreign Convention and Tour Incentive Program – Registrant Organizers and Convention Facility Operators: Paying or Crediting the Rebate Amount for Foreign Conventions*.

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.

“Foreign convention” means 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.

“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. If a sponsor organizes its own convention, it is a sponsor for GST/HST purposes and not an organizer. 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

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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 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 how non-registered organizers of foreign conventions can claim a rebate of the GST/HST paid on convention facilities and related convention

supplies. Consequently, the following rules apply to rebates claimed before and after April 1, 2007.

Rebate available to non-registered organizers

Generally, Canadian or non-resident organizers of foreign conventions must pay the GST/HST on convention facilities and related convention supplies rented or purchased in connection with a foreign convention. If they are registrants, they may be eligible to claim input tax credits to recover the tax paid on their business inputs.

Canadian or non-resident organizers of foreign conventions that are not registered for GST/HST purposes recover the tax they paid by claiming 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 1

The following lists what a non-registered organizer spent on a foreign convention in Prince Edward Island:

	Cost	GST
Meeting rooms	\$2,500	\$125
Equipment rentals	4,000	200
Convention materials	1,500	75
Meals/catering	5,000	250
Entertainment	<u>2,000</u>	<u>100</u>
Total expenses	<u>\$15,000</u>	<u>\$750</u>

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

The organizer can claim a rebate as follows:

	GST	Rebate
Meeting rooms	\$125	\$125
Equipment rentals	200	200
Convention materials	75	75
Meals/catering	<u>250</u>	<u>125</u>
Total	<u>\$650</u>	<u>\$525</u>

Sometimes a Canadian supplier charges the organizer an all-inclusive price for all expenses. Items that are not eligible for the rebate may be included in this price. The organizer determines the rebate using the amount of the GST/HST calculated on the part of the price reasonably attributable to those items that do qualify.

Example 2

A Canadian hotel charges \$10,000, plus \$1,300 HST, to the non-registered organizer of a foreign convention held in New Brunswick. This includes the rental of the convention facility, food, beverages, and entertainment.

The rebate is for all of the HST paid on the convention facility, but is limited to 50% of the HST paid on food and beverages. There is no rebate for the tax paid on entertainment.

The organizer has to determine the part of the HST that is reasonably attributable to the items that qualify for the rebate. If the organizer determines that 65% of the expenses relate to the convention facility, 20% to food and beverages, and 15% to entertainment, the organizer will calculate the rebate amount as follows:

Convention facility: $\$1,300 \times 65\%$	\$845
Food and beverages: $\$1,300 \times 20\% \times 50\%$	130
Total rebate	<u>\$975</u>

Who claims the rebate

In-house organizers

An in-house organizer acquiring related convention supplies on behalf of a sponsor is not an organizer for purposes of this GST/HST rebate. The sponsor is the person acquiring the supplies, and consequently is the person that is eligible to claim a rebate.

Example 3

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 the 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](#).

Example 4

The organizer of a foreign convention purchased related convention supplies on behalf of the sponsor who reimburses the organizer for the cost of the purchases, including the GST/HST. Because the organizer is acting as the agent of the sponsor, the sponsor is the person that is entitled to a rebate.

For information on the rebate available to sponsors, see the GST/HST Info Sheet GI-029, [Foreign Convention and Tour Incentive Program –Sponsors of Foreign Conventions: What is a Foreign Convention and Rebate for Purchases](#).

How to get a rebate amount

Some registrant suppliers may pay or credit a rebate amount to the organizer at the point of sale. If the rebate amount is not paid or credited at the point of sale, the organizer 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 a rebate amount to a non-registered organizer of a foreign convention:

- an operator of a convention facility; or
- a supplier of short-term or camping accommodation.

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

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

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

Rebate claimed with the CRA

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

Proof

An organizer must provide the following supporting documents with its rebate claim to confirm that the event is a convention and to prove that the organizer paid the GST/HST charged by the 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 the organizer does not provide these supporting documents with its rebate claim, the claim will be denied.

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%.