



## FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM Registrant Organizers and Convention Facility Operators: Paying and Crediting the Rebate Amount for Foreign Conventions

**Note:** This info sheet supersedes GST/HST Info Sheet GI-031, *Foreign Convention and Tour Incentive Program – Rebates Paid or Credited by Registrant Organizers of Foreign Conventions and Suppliers*, dated April 2007.

This info sheet explains how registrant organizers and convention facility operators can pay or credit a rebate amount for foreign conventions.

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%.

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 foreign convention for the sponsor.

“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

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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 charge separate 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 (FCTIP) was introduced. This change did not affect how registrant organizers of foreign conventions and convention facility operators pay or credit rebate amounts for foreign conventions. However, under the FCTIP, registrants that pay or credit a rebate amount and claim a deduction on their GST/HST return have to file a schedule to provide additional information about the amounts paid or credited. More information on this schedule is found under the heading “Information schedule for rebate amounts paid or credited”.

## Rebate for foreign conventions

Sponsors and non-registered organizers of foreign conventions can recover the full amount of the GST/HST that they pay on the convention facility and related convention supplies. However, they can recover only 50% of the GST/HST paid on related convention supplies that are food, beverages and items provided under a contract for catering. An eligible supplier may pay or credit a rebate amount at the point of sale. For amounts not paid or credited, these sponsors and organizers may claim a rebate by filing form GST386, [Rebate Application for Foreign Conventions](#).

If sponsors or non-registered organizers receive a rebate amount at the point of sale, they cannot claim the same amount, or any part of it, by filing a rebate form with the CRA. However, if they are paid or credited a rebate amount at the point of sale, and have other related conventions supplies that qualify for a rebate and for which they were not paid or credited, they can file a rebate claim for these qualifying items.

## Who can pay or credit a rebate amount for foreign conventions

The registrants listed below can pay or credit a rebate amount for foreign conventions:

- a registrant organizer of a foreign convention can pay or credit a rebate amount to a sponsor;
- an operator of a convention facility that is not the organizer of the foreign convention can pay or credit a rebate amount to a sponsor or a non-registered organizer; and
- a supplier of short-term or camping accommodation that is not the organizer of the foreign convention can pay or credit a rebate amount to a sponsor or a non-registered organizer.

In this info sheet, the above-listed suppliers are referred to as “eligible suppliers”.

A rebate amount cannot be paid or credited to exhibitors attending a foreign or domestic convention. For more information, 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](#).

## How to pay or credit a rebate amount for foreign conventions

The GST/HST rebate amount that may be paid or credited is the same as the amount that the sponsor or the non-registered organizer would have received from the CRA if they had paid the tax and had filed a rebate form with the CRA.

The following rules apply when eligible suppliers pay or credit a rebate amount:

- They charge the GST/HST on the convention facility or related convention supplies.
- On their invoices, they show the full amount of the GST/HST payable and the rebate amount paid or credited.
- They account for the full amount of the GST/HST charged on line 103 of their GST/HST return for the reporting period in which they charged the tax.
- They may claim a deduction equal to the rebate amount paid or credited on line 107 of their GST/HST return that is filed within one year after the day the tax became payable or the day the rebate was paid or credited, whichever is later.
- They file form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, by the due date of the GST/HST return in which they claimed the deduction for the rebate amount paid or credited.

### Example

A registrant organizer of a foreign convention charges the following amounts to the sponsor of a convention held in Regina, Saskatchewan.

	Cost	GST
Organizer's services	\$2,000	\$100
Meeting rooms	2,500	125
Equipment rentals	4,000	200
Convention materials	1,500	75
Catering	5,000	250
Entertainment	2,000	100
<b>Total</b>	<b>\$17,000</b>	<b>\$850</b>

The sponsor is entitled to a rebate of all the GST paid on the meeting rooms (convention facility), the organizer's services, the equipment rentals, and convention materials as well as 50% of the GST paid on catering as these are all related convention supplies. There is no rebate for entertainment. The organizer

agrees to credit the rebate amount to the sponsor at the point of sale.

The organizer calculates the rebate amount as follows:

	GST paid	Rebate
Organizer's services	\$100	\$100
Meeting rooms	125	125
Equipment rentals	200	200
Convention materials	75	75
Catering	250	125
<b>Total</b>	<b>\$750</b>	<b>\$625</b>

The organizer's invoice to the sponsor shows the following:

Amount charged to the sponsor	\$17,000
GST (\$17,000 × 5%)	850
Subtotal	\$17,850
Less credit of GST rebate amount	625
<b>Net amount payable</b>	<b>\$17,225</b>

The organizer includes the following amounts on its GST/HST return for the reporting period in which the tax was charged:

Sales and other revenue (line 101)	\$17,000	
GST/HST collected (line 103)	850	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		850
Input tax credits (line 106)	0	
Adjustment (line 107)	625	
Total ITCs /adjustments (line 108)		625
<b>Net tax (line 109)</b>		<b>\$225</b>

The organizer also includes the information related to the rebate amount credited and deducted from the organizer's net tax on form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*.

### Proof

Before paying or crediting a rebate amount, an eligible supplier should verify that the person qualifies for it. If the eligible supplier pays or credits a rebate amount, and at that time the supplier knew, or ought to have known, that the person did not qualify for the rebate, both are jointly and severally liable to pay back the amount to the Receiver General. Otherwise, only the person (sponsor or non-registered organizer) 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 person is entitled to receive.

The Appendix to this info sheet provides an example of a form that could be used to confirm that the event for which an eligible supplier is paying or crediting a rebate amount is a foreign convention. This form is not required under the legislation. The CRA will determine at the time of audit whether an eligible supplier could have paid or credited a rebate amount and claimed a deduction from its net tax.

### **Information schedule for rebate amounts paid or credited**

If eligible suppliers pay or credit a rebate amount for foreign conventions and claim a deduction on line 107 of their GST/HST return, they have to file form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*. They have to file this schedule no later than the due date for the GST/HST return in which they claimed the deduction.

The information to be provided on the schedule includes:

- the registrant's name, business number and reporting period;
- the number of claims paid or credited during the reporting period;
- the total amount that the eligible supplier charged to the sponsor or non-registered organizer (before the GST/HST and the deduction for a rebate amount); and
- the rebate amount paid or credited to the sponsor or non-registered organizer and for

which the eligible supplier claimed a deduction in the reporting period.

Eligible suppliers that fail to file the information schedule on or before the due date of the GST/HST return in which they claimed the deduction must add an amount equal to interest to their net tax. In addition, they must add an amount equal to the deduction and interest to their net tax if the information schedule is not filed by the earlier of

- the day that is four years after the due date of the GST/HST return in which they claimed the deduction; and
- the day stipulated by the CRA in a demand to file.

The information schedule must be filed for any convention facility or related convention supplies rented or sold for which:

- the applicable GST/HST charged on the convention facility or related convention supplies became payable after March 2007; and
- the eligible supplier claimed a deduction for a rebate amount paid or credited to a person after March 2007.

### **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](http://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](http://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%.

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## Appendix – Confirmation of foreign convention

This is an example of a form that could be used to confirm that the event for which an eligible supplier is paying or crediting a rebate amount is a foreign convention. The CRA will determine at the time of audit whether an eligible supplier could have paid or credited a rebate amount to a sponsor or a non-registered organizer of a foreign convention and claimed a deduction from its net tax.

Name of eligible supplier: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name of the event (if applicable): \_\_\_\_\_

Date of the event: from \_\_\_\_\_ to \_\_\_\_\_  
YYYY-MM-DD YYYY-MM-DD

Information on authorized representative of the sponsor or organizer signing this certification:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

We certify that the above-mentioned event is a foreign convention for purposes of the *Excise Tax Act*. We also agree to provide any additional information required to verify the above.

If it is later proved that the event is not a foreign convention, we will pay back the rebate amount that the eligible supplier paid or credited for the convention facility and/or related convention supplies.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date (YYYY-MM-DD)