



FOREIGN CONVENTION AND TOUR INCENTIVE PROGRAM Non-Resident Tour Operators: Rebate for Accommodation Sold in Eligible Tour Packages

Note: This info sheet supersedes GST/HST Info Sheet GI-033, *Foreign Convention and Tour Incentive Program – Rebate for Non-Registered Non-Resident Tour Operators Purchasing Accommodation*, dated April 2007.

This info sheet explains how non-resident non-registered tour operators can claim a rebate for the GST/HST paid on short-term and/or camping accommodation purchased and then sold in eligible tour packages.

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%.

For information on what is an eligible tour package, see GST/HST Info Sheet GI-044, *Foreign Convention and Tour Incentive Program – Tour Packages: What is an Eligible Tour Package*.

For information on rebates for eligible tour packages, see GST/HST Info Sheet GI-032, *Foreign Convention and Tour Incentive Program – Non-Residents Purchasing Tour Packages: Rebate for Eligible Tour Packages*.

This info sheet does not apply to accommodation that would still qualify for a rebate under the Visitor Rebate Program. The Visitor Rebate Program still applies where accommodation is made available before April 2009 and is sold under an agreement in writing entered into before September 25, 2006. For more information, see GST/HST Info Sheet GI-026, *Visitor Rebate Program – Non-Residents Purchasing Accommodation: When is the Rebate Still Available?*

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

“Camping accommodation” means a campsite at a campground or recreational trailer park that is rented continuously as a place of lodging for periods of less than one month to the same individual. It includes water, electricity and waste disposal services, if accessed by means of an outlet or hook-

up at the campsite and if provided with the campsite.

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

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

“Short-term accommodation” means the rental of an accommodation unit as a place of lodging for an individual who will occupy it continuously for a period of less than one month and that costs more than \$20 per night. Overnight or week-long accommodation in hotels or motels would usually be short-term accommodation. Short-term accommodation also includes any type of overnight shelter that is part of a tour package that also includes food and the services of a guide.

Short-term accommodation does not include a residential complex or unit when it is provided under a timeshare arrangement, or overnight shelter on trains, travel trailers, boats, or structures that are, or could be, self-propelled.

“Tour operator” means a person that, in the ordinary course of its business, packages or sells tours that are ultimately sold to, or are for the use of, either a group of travellers or an individual traveller. Outfitters or owners of a lodge, hotel or motel may be tour operators if they package tours for sale in the ordinary course of their business.

La version française de la présente publication est intitulée *Programme d'incitation pour congrès étrangers et voyages organisés – Organismes non résidents de voyages : remboursement de la taxe payée sur l'hébergement vendu dans un voyage organisé admissible*.



When travel agencies sell tour packages on behalf of a tour operator, the travel agencies are not tour operators. Travel agencies would, however, be tour operators if the travel agencies packaged and sold tours on their own account. Persons that sell packages that include a convention facility or related convention supplies are also not considered tour operators when selling these packages.

Background

Effective April 1, 2007, the Visitor Rebate Program was cancelled and the Foreign Convention and Tour Incentive Program (FCTIP) was introduced.

Under the FCTIP, non-resident non-registered tour operators can continue to claim a rebate from the CRA for the GST/HST paid on purchases of short-term and/or camping accommodation that is then sold as part of an eligible tour package.

Conditions for claiming a rebate for short-term and/or camping accommodation

A tour operator that purchases short-term and/or camping accommodation in Canada can claim a rebate of the GST/HST paid if all the conditions listed below are met.

- The tour operator is a non-resident that is not registered for GST/HST purposes.
- The tour operator purchased the short-term and/or camping accommodation in Canada in the ordinary course of its business and sold it as part of an eligible tour package.
- The tour operator sold the eligible tour package to another non-resident and payment for the resale of this package was made at a place outside Canada where the tour operator or its agent conducts business. To determine if this condition is met, the CRA will consider where the payment is processed and deposited.
- The accommodation included in the eligible tour package was made available to a non-resident individual.
- The tour operator is a non-resident of Canada at the time the rebate claim is filed.
- The tour operator paid a minimum of either \$10 GST or \$26 HST on the short-term and/or camping accommodation. If the purchase price

became due or was paid in 2007, these amounts were \$12 GST and \$28 HST.

- The tour operator submits a rebate claim to the CRA within one year after the last day any GST/HST included in the claim became payable. Generally, the day the tax becomes payable is the day the amount is paid or the date of the invoice, whichever comes first.
- The tour operator includes all required supporting documents with its rebate claim.

Example

A non-resident non-registered tour operator buys a block of rooms from a hotel in Toronto for \$2,000 plus \$100 GST. The tour operator included the hotel accommodation in eligible tour packages that it sold to non-residents at its place of business outside Canada. Payment for the packages was made outside Canada. The hotel rooms were made available to non-resident individuals.

The non-registered non-resident tour operator is eligible to claim a rebate of \$100.

How to claim a rebate for the GST/HST paid on short-term and/or camping accommodation

Non-resident non-registered tour operators can claim a rebate for the GST/HST paid on short-term and/or camping accommodation by filing form GST115, [*GST/HST Rebate Application for Tour Packages*](#), with the CRA.

Proof

Non-resident non-registered tour operators that claim a rebate for the GST/HST paid on short-term and/or camping accommodation must prove that they qualify for it. The following supporting documents must be included with the rebate claim:

- original invoices or receipts showing the amount of GST/HST paid; and
- itineraries or other documents providing detailed descriptions of the tour packages (group or individual).

These documents must demonstrate that the packages are tour packages that were sold by the tour operator for an all-inclusive price and that the packages included short-term and/or camping accommodation in Canada and at least one service (i.e., that they are eligible tour packages). In

addition, the documents must specify the number of nights of short-term and/or camping accommodation in Canada included in the packages. These documents must be in either English or French, or a translation provided.

If non-resident tour operators do not provide the required supporting documents with their rebate claims, or if these documents do not contain enough information to prove that they are eligible for the rebate, then the rebate claims will be denied.

The CRA may accept other types of documents if such documents confirm that the tour operator qualifies for the rebate. The information showing that the tour operator has met the eligibility requirements does not have to be on separate documents. One or two documents may contain all the necessary information. In addition, electronic documents capable of being rendered into writing are also acceptable.

Non-resident tour operators must also keep the following documents as part of their records and make them available to the CRA on demand:

- a list of the names and addresses of the non-residents who purchased the eligible tour packages;
- the name of the agent through whom they made the sales (if applicable);
- copies of the invoices issued to their clients; and
- a list of the names and addresses of the non-resident individuals who stayed in the accommodation.

These documents must be in either English or French, or a translation provided. They must be maintained in Canada unless the tour operator obtains permission from the CRA to keep them at a place outside Canada. For more information on books and records, see GST/HST Memorandum 15.1, [*General Requirements for Books and Records*](#).

Third parties filing the rebate claim on behalf of tour operators

Although it is not part of the FCTIP, a tour operator could enter into a private arrangement with another person to have that person file a rebate claim with the CRA on its behalf. If a tour operator

does enter into such an arrangement, it does not change the documents that the tour operator or the other person must include with the rebate claim and keep as part of their records. In addition, proof that the non-resident has authorized the other person to file a rebate application under the FCTIP on its behalf, such as a power of attorney, must be provided to the CRA.

Power of attorney

A power of attorney is a document whereby one person such as a non-resident tour operator appoints another person as its attorney (in this info sheet, an “authorized person”) and confers authority to perform certain specific acts on its behalf. It might contain terms and conditions about how these two persons will conduct their business arrangement.

If a tour operator and another party do decide to enter into an agreement, the tour operator must decide how much authority to give to the other person under the power of attorney and how it wants to structure its business arrangement with this person. For example, a power of attorney could include clauses outlining procedures by means of which the other person could recover amounts that they advanced from their own funds to tour operators as part of their arrangement, if the CRA determined that the tour operator was not entitled to all or some of the rebate amount claimed.

Because it is a private arrangement, the CRA cannot provide guidance on how parties should arrange their business affairs and will not become involved in any disputes that may arise from these private arrangements.

However, the CRA will accept and act on a power of attorney made under a private arrangement, provided it contains the following information:

- a statement that the authorized person is not affiliated with the Government of Canada or the CRA;
- complete and upfront disclosure of any fees that the authorized person charges the tour operator, as part of their arrangement, to complete and file the rebate claim on behalf of the tour operator;

- a statement that the tour operator authorizes the other person to act on its behalf;
- a statement that the power of attorney is for a GST/HST rebate under the FCTIP;
- the tour operator's name, address, telephone and fax numbers, e-mail address (if applicable), and signature;
- the authorized person's name, address, telephone and fax numbers, and e-mail address (if applicable).

When a tour operator authorizes another person to act as its attorney, the parties must decide how the rebate amount will ultimately be paid to the tour operator. They could choose to use various private arrangements such as the mail-in payment method or the instant payment method.

When using the mail-in payment method, the authorized person completes and files the rebate claim (using form GST115) with the CRA along with the required supporting documents and a signed power of attorney. Depending on the arrangement with the tour operator, this authorized person may charge a fee for its service. The tour operator gets the rebate amount when the CRA pays it to the tour operator.

Generally, when using the instant payment method, the authorized person completes and files the rebate claim (using form GST115) with the CRA along with the required supporting documents and a signed power of attorney. This person advances an amount equal to the estimated GST/HST rebate to the tour operator from the person's own funds. Depending on the arrangement with the tour operator, the authorized person may deduct a fee for its service. How the person gets its advance back from the tour operator is a private arrangement between the tour operator and that person.

Regardless of how the tour operator structures its business arrangement with the authorized person, the CRA mails the cheque payable to the tour operator to the address on form GST115. The address could be the tour operator's address outside Canada or the authorized person's address in Canada.

How GST/HST is charged and accounted for when a registrant acts on behalf of a tour operator

A registrant that provides short-term and/or camping accommodation to a tour operator and that agrees to act on behalf of a tour operator (i.e., an authorized person) must still charge the full amount of the GST/HST payable for the accommodation and this amount must be accounted for on its GST/HST return. If the registrant advances an amount equal to the estimated rebate amount from its own funds, this amount cannot be deducted when the registrant completes its return. The advancing of funds to the tour operator is a private arrangement between the tour operator and the registrant and is not the same as paying or crediting the rebate amount.

Whether or not there is a power of attorney in place, the invoice to the tour operator must indicate the amount of the GST/HST payable. However, an accommodation provider such as a hotel, which has a power of attorney in place with a tour operator, may show the amount of any advance from its own funds to the tour operator on the same invoice. In this instance, the CRA would accept that the GST/HST had been paid if the net amount of the invoice had been paid.

Example

A non-resident non-registered tour operator buys a block of rooms from a registrant hotel in Toronto for \$2,000 plus \$100 GST.

A power of attorney is signed between the hotel and the tour operator. This document provides that the hotel will advance from its own funds an amount equal to the estimated GST rebate and will file the rebate claim on the tour operator's behalf.

The hotel decides to show the advance on the invoice:

Price of the hotel rooms	\$2,000
5% GST payable (\$2,000 × 5%)	100
Subtotal	\$2,100
Less: Advance of amount equal to estimated rebate	100
Net amount payable	\$2,000

The net amount of \$2,000 is paid.

The hotel completes form GST115 and sends it to the CRA with the supporting documentation and the signed power of attorney.

In its GST/HST return, the hotel accounts for the full amount of GST payable, but does not deduct the advance paid as this is a private matter between the two parties.

Sales and other revenue (line 101):	\$2,000	
GST/HST collected (line 103)	100	
Adjustments (line 104)	<u>0</u>	
Total GST/HST/adjustments (line 105)		100
Input tax credits (line 106)	0	
Adjustment (line 107)	<u>0</u>	
Total ITCs /adjustments (line 108)		<u>0</u>
Net tax (line 109)		\$100

Additional information

See booklet RC4160, *Rebate for Tour Packages, Foreign Conventions, and Non-Resident Exhibitor Purchases*, and guide RC4036, *GST/HST Information for the Travel and Convention Industry*, for more information.

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%.