

## **PROPOSED**

### For owners - Frequently asked questions

#### **What types of accommodations are exempted from this tax?**

- Accommodations that are rented by the month
- Lodgings provided to students by a university, college or post-secondary while the student is registered at and attending the institution.
- Every hospital referred to in the list of hospitals and their grades and classifications maintained by the minister of Health and Long-Term Care under the *Public Hospitals Act* and every private hospital operated under the authority of a license issued under the *Private Hospitals Act*
- Every long-term care home as defined in subsection 2(1) of the *Long-Term Care Homes Act, 2007*, retirement home and hospices
- Treatment centres that receive provincial aid under the Ministry of Community and Social Services Act
- Every house of refuge, or lodging for the reformation of offenders
- Every charitable, non-profit philanthropic corporation organized as shelters for the relief of the poor or for emergency
- Every tent or trailer sites supplied by a campground, tourist camp or trailer park
- Every accommodation supplied by employers to their employees in premises operated by the employer
- Every hospitality room in an establishment that does not contain a bed and is used for displaying merchandise, holding meetings, or entertaining

A traditional Bed & Breakfast operator may apply to the municipality for an exemption from the charging and remittance of the Municipal Accommodation Tax, provided that the application sufficiently meets the municipality's eligibility criteria:

1. The Bed & Breakfast establishment must comply with the Zoning By-law
2. The Bed & Breakfast establishment is occupied and operated by the property owner, and is classified in the residential property tax class

3. The accommodation purchases are invoiced by the Bed & Breakfast establishment and not a third party home-sharing listing entity

Bed & Breakfast operators requesting an exemption to the Municipal Accommodation Tax should contact the municipality to receive an exemption application.

Completed applications will be reviewed by the municipality for approval, and a formal notification will be provided to Accommodators. Until an exemption has been granted to you, you are not considered to be exempt from the Municipal Accommodation Tax and are required to collect and remit the applicable funds.

Renewal requirements of the application for exemption will be communicated later in 2018.

## **How much is the Municipal Accommodation Tax, and how is it applied?**

The Municipal Accommodation Tax is 4%, comes into effect July 1, 2018 and is only applicable to the room portion of the costs associated to overnight accommodations. All other revenues generated from the accommodation services; whether sold individually or included in a room package; are excluded from the Municipal Accommodation Tax, including but not limited to, meeting room rental, food and beverage, room service, laundry services, internet access, parking etc.

Refunds and cancellations: The Municipal Accommodation Tax is refundable on a pro-rated schedule, calculated on the accommodation portion of a customer's bill that is also refunded.

The HST is applicable to the funds received from the Municipal Accommodation Tax if the business is an HST registrant.

## **How do I remit the Municipal Accommodation Tax that I have collected?**

The Town of Cochrane will collect and administer the transition of the funds to the eligible tourism entities for the purposes of promoting and growing the tourism industry in Cochrane.

The remittance process will include a quarterly remittance form which is available on the town website and payments will be made through electronic money transfer or by cheque. Submissions and payment will be due within 30 days of the previous month.

Any late remittances will be charged an interest rate of 1.25% per month.

### **Is there an auditing process to verify monthly submissions?**

The Town of Cochrane will routinely select submissions for audit. The verification process may include a 3rd party auditor assigned by the municipality.

### **Are future bookings that were prepaid prior to the enactment of the by-law exempt from the Municipal Accommodation Tax?**

No. Accommodators will be required to collect the Municipal Accommodation Tax for any lodgings that occur after July 1, 2018 regardless of when the booking was made, or paid for.

### **What happens with the funds generated through the Municipal Accommodation Tax?**

Funds generated through the Municipal Accommodation Tax are invested in sales, marketing, and development activities of eligible tourism entities within the area.