

Ministry of Finance

Tax Bulletin



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Municipal and Regional District Tax: Information for Municipalities and Regional Districts

Hotel Room Tax Act

Do you know how a municipality or regional district can participate in the collection of a municipal and regional district tax?

Do you need to know if you are an eligible entity?

This bulletin provides specific information to help municipalities, regional districts and other eligible entities understand how they can participate in the collection of a municipal and regional district tax of up to 2%. Municipal and regional district tax information for accommodation providers is available in [Bulletin MRDT 002](#), *Municipal and Regional District Tax: Information for Accommodation Providers*.

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Overview

The municipal and regional district tax is a hotel room tax of up to 2% charged on taxable accommodation. This tax is intended to assist municipalities, regional districts and other eligible entities in promoting their tourism industry and financing new tourist facilities or programs.

Municipalities, Regional Districts and Eligible Entities

A municipality, regional district or eligible entity in British Columbia may apply to the Ministry of Finance for a municipal and regional district tax of up to 2%. This tax is charged on sales of taxable accommodation within that area.

The tax is administered by and sent in to the ministry under the *Hotel Room Tax Act* and has its own tax return form. The tax can apply to the entire municipality or regional district, or to a specific area within the municipality or regional district.

The ministry charges an administration fee to cover the cost of administering the tax, and provides the balance of the tax collected to the municipality, regional district or eligible entity on a monthly basis.

How to Participate

To participate in this program, you must pass a bylaw requesting the province to administer and collect the municipal and regional district tax on your behalf. The bylaw must contain the following information:

- the proposed tax rate,
- the geographic area in which the tax will apply (i.e. the entire municipality, regional district or a smaller area),
- the purpose for which you will use the funds, and
- the date you want the new tax to be effective.

Additional Information and Documentation

You also need to provide the following with your application.

- A complete list of all qualifying operators located within the area where the tax will apply.
- Documented evidence that you have consulted with the local accommodation industry, and that the majority support both the business plan and the application for the new tax.
- For a municipality, you need to show that you have consulted with the regional district in which you are located, and that the regional district agrees with the new tax.
- For a regional district, you need to show that you have consulted with the municipalities that are included in the geographical area where the tax will be collected within your jurisdiction, and that they agree with the new tax being

implemented. You need to also show that you are authorized to use the funds for the intended purpose, either by your letters patent or by statutory authority.

- If a municipality and regional district cannot agree on whether the additional tax should be imposed, priority will generally be given to the municipality.

For assistance with the preparation of your business plan or your application, please contact the Tourism Strategy and Policy Branch of the Ministry of Jobs, Tourism and Innovation at PO Box 9830 Stn Prov Govt, Victoria, BC V8T 5C3 or e-mail CommunityPartnerships@gov.bc.ca

Eligible Entities

If you are an eligible entity, such as a non-profit organization that takes part in tourism marketing, you can also apply to have the municipal and regional district tax administered and collected on your behalf. You will need to show that you have consulted with the regional district or the municipality that is included in the geographical area where the tax will be collected. If you are a public body, other than a municipality or regional district, interested in requesting that the municipal and regional district tax be collected in a specific area, please contact the Tax Policy Branch of the Ministry of Finance at 250 356-5928.

Compliance with Program Objectives

For a municipality, regional district or other eligible entity participating in the municipal and regional district hotel room tax program, you must provide audited documentation to the ministry each year showing how the funds raised by this tax were used. You must also provide a statement that the funds were used for the purpose for which they were intended and are consistent with your business plan. The implementation of the business plan will be monitored in conjunction with the audited financial statements.

Municipal and Regional District Tax Renewal Process

The municipal and regional district tax is implemented for a period of five years. In order to extend the tax for an additional five year period, you must re-apply to the Ministry of Finance. You must consult the local accommodation sector as part of the renewal process.

There is no restriction on the number of times you can apply for the tax to be renewed.

Participating Municipalities, Regional Districts and Eligible Entities

Municipal and regional district tax of 2% applies in the following areas:

- Alert Bay, Village of
- Abbotsford, City of
- Burnaby, City of
- Chilliwack, City of
- Central Kootenay, Regional District of (applies to the electoral areas D, E and F)
- Clearwater, District of (effective November 1, 2011)
- Columbia-Shuswap, Regional District of (applies to the Town of Golden and the Columbia-Shuswap Regional District electoral area A, not including Kicking Horse Mountain Resort Area and Yoho National Park)
- East Kootenay, Regional District of (applies to the City of Fernie and a portion of the East Kootenay Regional District electoral area A)
- East Kootenay, Regional District of (applies to the District of Invermere and a portion of the East Kootenay Regional District electoral area F)
- East Kootenay, Regional District of (applies to the Village of Radium Hot Springs and two portions of the East Kootenay Regional District electoral area G)
- Harrison Hot Springs, Village of
- Kamloops, City of
- Kaslo, Village of
- Kelowna, City of
- Kimberley, City of
- Kitimat-Stikine, Regional District of (applies to the City of Terrace and the Kitimat-Stikine Regional District electoral area E)
- Langford, City of
- Langley, City of
- Langley, Township of
- Merritt, City of
- Mount Waddington, Regional District of (applies to the Village of Port Alice and the Regional District of Mount Waddington electoral areas A, B, C and D)
- Mount Washington Resort Association (applies to the resort area that is a portion of the Comox Valley Regional District electoral area C)
- Nanaimo, Regional District of (applies to the Nanaimo Regional District electoral areas E, F, G and H)
- Nelson, City of
- North Vancouver, City of
- North Vancouver, District of
- Oak Bay, District of

- Osoyoos, Town of
- Parksville, City of
- Penticton, City of
- Port Hardy, District of
- Port McNeill, Town of
- Prince George, City of
- Prince Rupert, City of
- Qualicum Beach, Town of
- Revelstoke, City of
- Richmond, City of
- Rossland, City of
- Saanich, District of
- Smithers, Town of
- Squamish, District of
- Sun Peaks Mountain Resort Area
- Surrey, City of
- Thompson-Nicola, Regional District of (applies to the Thompson-Nicola Regional District electoral area A) (effective November 1, 2011)
- Tofino, District of
- Ucluelet, District of
- Valemount, Village of
- Vancouver, City of
- Vernon, City of
- Victoria, City of
- Wells, District of
- Whistler, Resort Municipality of

Need more info?

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Hotel Room Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Hotel_Room_Tax/hrt_legislation.htm