



MUNICIPAL ACCOMMODATION TAX (MAT) FREQUENTLY ASKED QUESTIONS

PROVIDERS / OWNERS

IMPORTANT INFORMATION

- Implementation date for the Municipal Accommodation Tax is October 1, 2024
- All guests' invoices are to include a line for "Municipal Accommodation Tax."
- Remittance to the Corporation of the Town of Smooth Rock Falls must be reported and submitted to the Town on a quarterly basis. The due date falls on the last day of January, April, July and October of every year.
- The four percent (4%) MAT applies only on the room cost portion of the overnight accommodation of all guest invoices.
- Late remittance will be charged an interest rate of 1.25% per month.

Summary

On November 23, 2017, the Province of Ontario passed Regulation 435/17 providing municipalities with the authority to implement a Transient Municipal Accommodation Tax. On May 6, 2024, Smooth Rock Falls' Council approved the application of four percent (4%) Municipal Accommodation Tax on all local short-term accommodation such as, but is not limited to hotels, motels, bed and breakfast accommodation, individual accommodators etc. All transient accommodation providers are obliged by law to collect and remit a four percent (4%) Municipal Accommodation Tax (MAT) on all room revenue sold for overnight accommodations.

As an accommodation provider doing business and/or facilitating business transactions within the Town of Smooth Rock Falls, you will be obliged by law to collect and remit a four percent (4%) Municipal Accommodation Tax on all rooms sold for overnight accommodation. All other revenues generated such as room incidentals, meeting room

rental, food and beverage, room service, laundry services, parking etc. are excluded from the Municipal Accommodation Tax.

All accommodation providers need to register their establishment with the Town of Smooth Rock Falls by submitting a completed Accommodation Establish Form to the Town prior to September 27, 2024. New establishments shall register within thirty (30) days of the date of the commencement of their business.

As a Municipal Accommodation Tax (MAT) collector, it will be your responsibility to ensure that the proper amount of taxes are collected and remitted.

Questions regarding the Municipal Accommodation Tax can be directed to Johanna Berube at 705-338-2717 ext 5 or by email at johanna.berube@townsrf.ca

How much is the Municipal Accommodation Tax (MAT), and how is it applied?

The Municipal Accommodation Tax is four percent (4%).

The MAT is only applicable to the room portion of the costs associated with overnight accommodation that do not exceed 30 days. All other revenues generated such as, room incidentals, meeting room rental, food and beverage, room service, laundry services, parking etc. are excluded for the Municipal Accommodation Tax.

Harmonized Sales Tax (HST) is applied to the MAT.

Is the Municipal Accommodation Tax (MAT) mandatory?

Yes. The Municipal Accommodation Tax is mandatory pursuant to Town of Smooth Rock Falls By-Law#2024-13. MAT must be collected by the accommodation provider at the same time customers are charged for booking.

What happens to the funds generated through the MAT?

Fifty percent (50%) of the Municipal Accommodation Tax (MAT) will go towards various non-profit groups within the Municipality that promote tourism. The other fifty percent (50%) will remain with the Town to provide funding for future projects/initiatives that will support tourism.

What types of accommodations are exempt from the Municipal Accommodation Tax (MAT)?

The Municipal Accommodation Tax is exempted from the following entities:

- Accommodation that lasts more than 30 days.
- The Crown, every agency of the Crown in right of Ontario and every authority, board, commission, corporation, office, or organization of persons whose majority are directors, members or officers are appointed or chosen by or under the authority of the Lieutenant Governor in Council or a member of the Executive Council;
- Every board as defined in subsection 1(1) of the *Education Act*;
- Every university in Ontario and every college of applied arts and technology and post-secondary institution in Ontario whether or not affiliated with a university, the enrollments of which are counted for purposes of calculation annual operating grants entitlements from the Crown;
- 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* and hospices;
- Every treatment centre that received 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 poverty or for emergency;
- Every tent or trailer sites supplied by a campground, tourist camp or trailer park;
- Every accommodation supplied by employees 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 entertainment.

What if I have existing contracts with businesses with a fixed room rate?

The Municipal Accommodation Tax (MAT) applies to accommodations purchased on or after October 1, 2024. If payment occurs on or after October 1, 2024 for accommodation occupied on or after said date, the MAT applies even if provided through a corporate contract.

How do I remit the Municipal Accommodation Tax (MAT)?

Providers are required to file a Municipal Accommodation Tax - Quarterly Remittance Form for the quarterly reporting periods.

| Quarterly Period | Due Date |
|--|--------------------------|
| January 1 st to March 31 st | April 30 th |
| April 1 st to June 30 th | July 31 st |
| July 1 st to September 30 th | October 31 st |
| October 1 st to December 31 st | January 31 st |

Note: *Where the deadline falls on a Saturday, Sunday or Holiday, the deadline shall be the last business day of the month in which the remittance is due.*

Providers must remit the Municipal Accommodation Tax at the same time as the remittance form is due. Payment can be done to the Town of Smooth Rock Falls by electronic transfer or cheque to a designated Town controlled account, or a joint Town-Agent account where a Town agent is used, or any method deemed acceptable by the Chief Administrative Officer (CAO).

Payments made for the MAT must be separate from any other payments such as property or utility taxes.

Is the Harmonized Sale Tax (HST) charged on MAT?

- Yes, if the accommodation provider is registered for HST. The provider is responsible for collecting and remitting the HST on the room charge and on the MAT. The HST is remitted directly to the Canada Revenue Agency (CRA)

Do I prepare a monthly report if I did not collect any MAT that month?

Yes. The Municipal Accommodation Tax Quarterly Remittance Form must be submitted for each reporting period even if there were no MAT charged and collected.

How do refunds, cancellation and no shows affect the amount of Municipal Accommodation Tax I remit?

If the Municipal Accommodation Tax was added to an invoice which was paid by a guest, and you subsequently issue a full or partial refund on that accommodation charge, the customer should also be refunded the applicable amount of MAT that corresponds to the refund amount. If the refund occurs after you have remitted the MAT, you can adjust the MAT submission the following month noting the refund in your submission documentation.

If you experience no shows and your policy is to charge a portion of the room rental as a penalty, then the MAT should also be charged to the no show portion.

What happens if I'm late in submitting my reports/payment?

Penalties and Interest at a rate of 1.25% will be calculated on any Municipal Accommodation Tax (MAT) due and owing on the first day of default. Failure to file and remit as required may result in a MAT assessment imposed by the Treasurer. Interest and penalty will apply once amount are determined,

Is there an auditing process to verify monthly submissions?

Yes, providers will be required to provide upon request documents necessary to support the information on their Municipal Accommodation Tax Quarterly Remittance Form. The Town or a third party designate shall be granted access to enter the business premises for the purpose of inspecting documents to ensure compliance with its' by-law and will have the authority to audit and request information from any provider including:

- Audit or examine the books and records that relate to the amounts payable to the Town; and
- Require a provider to produce all documents required by the Town for an audit and to answer all questions relating to the audit and give all reasonable assistance with the audit.

What if a provider uses a 3rd party booking company to secure reservations?

The party responsible for providing the accommodation is also responsible for the collection and remittance of the MAT.

Are indigenous peoples exempt from paying Municipal Accommodation Tax (MAT)?

No, indigenous peoples are not exempt from paying the MAT.