



MUNICIPAL ACCOMMODATION TAX

FREQUENTLY ASKED QUESTIONS (FAQ)
FOR ACCOMMODATION PROVIDERS

Municipal Accommodation Tax (MAT)

Frequently Asked Questions (FAQ)

For Accommodation Providers

What types of accommodations are exempted from this tax?

- Government agencies providing accommodation;
- A traditional Bed & Breakfast operator may apply to the Town for an exemption from the charging and remitting the MAT, provided that the application sufficiently meets the Town's eligibility criteria:
 1. The Bed & Breakfast establishment meets the definition of Section 4.1.2 of the municipal Zoning By-law No. 76-19;
 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 by a third-party home-sharing listing entity

Bed & Breakfast operators requesting an exemption to the Municipal Accommodation Tax should contact Mireille Lemieux, Treasurer, at 705-362-4341 extension 1100 or by email at: mlemieux@hearst.ca for more information.

How much is the MAT, and how is it applied?

The MAT rate is 4% 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 MAT, including but not limited to, meeting room rental, food and beverage, room service, laundry service, internet access, parking, etc.

Is this a mandatory or voluntary tax?

Mandatory. The MAT must be collected by the accommodation provider at the same time customers are charged for the booking.

What is the authority to charge the MAT?

Section 400.1 of the Municipal Act, 2001 and Ontario Regulation 435/17 allow municipalities to establish and to collect MAT. The Town of Hearst has been collecting MAT since January 2019. Municipal By-law No. 41-2023 (revised regulation) provides for mandatory collection and remittance of the MAT in the Town of Hearst.

What happens if guests do not show up for their reservation?

The MAT is to be collected and remitted if the accommodation is charged. If the guest is not charged but is required to pay a cancellation fee, the MAT would not apply to the cancellation fee.

Do I need to show the MAT on the invoice or receipt?

Yes, every bill, receipt, invoice or similar document for the purchase of accommodation must have a separate item identified as "Municipal Accommodation Tax" showing the rate at which the MAT is calculated (4%).

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

Yes, if the accommodation provider is registered for HST. The accommodation 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.

What revenue does the MAT apply to if I charge a fee that includes accommodation and meals?

It is the responsibility of the accommodation provider to allocate the revenue from the accommodation charge separate from other services, amenities or charges on the invoice and collect and remit the MAT on the accommodation portion of the fees. If the fees are not separately listed on the invoice, the MAT will apply to the entire invoice.

What happens with refunds to guests?

If the MAT was added to an invoice that 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 the MAT that corresponds to the refund amount. If the refund occurs after the provider has remitted the MAT, he/she can adjust the MAT submission the following quarterly report, noting said refund.

Are long-term contracts for room rentals with businesses that exceed 30 days exempt?

Yes. The purchaser, per the By-law, is the person or business who remits money for the room and therefore the MAT would not apply for a contract of 30 days or more.

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

MAT applies to accommodations purchased on or after January 1, 2019. If payment occurs on or after January 1st 2019 for accommodation occupied on or after January 1st 2019, the MAT applies even if provided through a corporate contract.

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

The remittance process includes a quarterly remittance form (Municipal Accommodation Tax Return) which is available on the Town of Hearst website (www.hearst.ca). Payments can be made by cheque, cash, debit card, EFT or by credit card (by using Paymentus). Reporting and payments are due no later than 30 days after the end of each quarter.

Is there an auditing process to verify monthly submission?

In accordance to By-law No. 41-2023, the Town may undertake a verification process with providers to verify the accuracy and integrity of MAT Returns.

What happens with the funds generated through the MAT?

The Town of Hearst collects the MAT on behalf of the *Hearst Development Corporation*. Funds generated through the MAT are invested in sales, marketing and development activities through said Corporation whose mandate is to promote the Town of Hearst for visitors, meetings and conventions, events and to the media, travel agencies and the travel industry. Funds can also be invested in long-term destination development projects aimed at enhancing the visitor experience.

As per the Municipal Act and regulations, 50% of the MAT collected must be used for the development of tourism in the community and the remaining 50%, being the Town's portion, can be used for other municipal purposes.

MAT ratepayers have opportunities to get involved in different committees which guide the planning of the action plans.

How do refunds and no-shows affect the amount of MAT I remit?

If the MAT was added to an invoice that was paid by a guest, and the provider subsequently issues 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 the provider has remitted the MAT, he/she can adjust the MAT submission the following month noting the refund in the next quarterly report.

If a provider experiences no-show and the 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. If, however, the provider has a flat administrative fee that is charged for no-shows no matter what the room rate, then the MAT does not need to be applied.

Do I need to prepare a quarterly report if I did not collect any MAT for that period?

Yes. Providers have to indicate that no MAT was collected in the reporting period. If all guests are for extended stays (30 days or longer) or another qualified exemption, providers must still submit a report providing the details for the exception.