

Questions and Answers on the Cancellation of the Visitor Rebate Program and the New Foreign Convention and Tour Incentive Program

On September 25, 2006, the Government of Canada announced amendments to the *Excise Tax Act* that eliminate the Visitor Rebate Program effective April 1, 2007. Budget 2007 confirmed the elimination of the Visitor Rebate Program and the new Foreign Convention and Tour Incentive Program. The following questions and answers provide details concerning these changes. The legislative amendments required to make these changes received Royal Assent on June 22, 2007.

Note: This constitutes the first and second instalments of a comprehensive series of questions and answers that the CRA is issuing on this subject. Further questions and answers on foreign and domestic conventions will be added as soon as they become available.

The following forms and guide are available on the CRA Website:

- Form GST106, [Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages](#)
- Form GST115, [GST/HST Rebate Application for Tour Packages](#)
- Guide RC4160, [Rebate for Tour Packages, Foreign Conventions and Non-Resident Exhibitor Purchases](#)

Table of contents

Cancellation of the Visitor Rebate Program.....	2
Foreign Convention and Tour Incentive Program.....	4
Overview	4
Tour incentive program	8
Definition of tour package.....	8
Tour package rebates.....	12
Filing the rebate claim.....	13
Calculating the tour package rebate amount.....	15
Tour package rebate paid or credited by a registrant.....	18
Rebate for accommodation sold to non-resident non-GST/HST-registered tour operators	21
Filing the rebate for GST/HST paid on accommodation resold as part of an eligible tour package.....	22
Filing a rebate claim on behalf of a qualifying non-resident.....	24

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La version française du présent document est intitulée *Questions et réponses sur l'élimination du programme de remboursement aux visiteurs et le nouveau programme d'incitation pour congrès étrangers et voyages organisés.*



Canada Revenue
Agency

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Canada

Cancellation of the Visitor Rebate Program

1.1 Has the Visitor Rebate Program been cancelled?

Yes. The Visitor Rebate Program (VRP) was cancelled effective April 1, 2007.

1.2 Will non-resident consumers who purchase goods in Canada and remove them from the country still be able to get a VRP rebate for the GST/HST they paid on the goods if the tax became payable after March 31, 2007?

No. As of April 1, 2007, non-resident consumers who purchase goods in Canada and remove them from the country cannot receive a VRP rebate for the GST/HST they paid on goods if the tax became payable after March 31, 2007.

However, there will still be no GST/HST charged when goods are shipped directly by a Canadian business to a non-resident consumer's residence.

1.3 Will non-resident businesses, including sole proprietors, that purchase goods in Canada and remove them for commercial use primarily outside Canada be able to get a rebate for GST/HST they paid on the goods if the tax became payable after March 31, 2007?

Yes, non-resident businesses, including sole proprietors, will still be able to get a GST/HST rebate on goods purchased in Canada and removed from the country for commercial use primarily outside Canada, providing all other conditions for the rebate are met. Additional information can be found in the guide RC4033, *General Application for GST/HST Rebates*.

1.4 Who is a "consumer"?

A consumer is an individual who acquires property (which includes goods) and/or a service for his/her personal use or enjoyment or for the personal use and enjoyment of another individual. See question 3.5 for the definition of "service" and question 3.6 for the definition of "property".

1.5 When will the old VRP accommodation rebate for non-residents no longer be in effect?

Under the transitional rules for the cancellation of the VRP, the VRP rebate will continue to apply to short-term and/or camping accommodation made available after March 2007 if the accommodation:

- is part of a continuous accommodation at the same facility that started before April 2007; or
- was sold to a non-resident under an agreement in writing entered into before September 25, 2006, and first made available before April 2009.

In all other cases, a non-resident consumer or business will no longer be eligible for a VRP rebate of the GST/HST paid on purchases of short-term and/or camping accommodation that is made available after March 2007.

However, after March 2007 some non-residents may be eligible for a GST/HST rebate under the new Foreign Convention and Tour Incentive Program. See the questions and answers starting at question 2.1 for more information on the program.

1.6 What qualifies as an "agreement in writing" for the purposes of the transitional rules for the cancellation of the VRP?

In general, for purposes of the transitional rules for the cancellation of the VRP, the CRA will accept the following as evidence that a written agreement was entered into before September 25, 2006:

- Documentation outlining the details of the relationship between the parties.

The documentation would usually include information about the duration of the relationship, the properties and/or services that will be provided, and any operational procedures such as those relating to booking, invoicing, payment, deposit and cancellation.

and

- A tariff or other itemized inventory that describes the properties and/or services available, the prices and the time period(s) during which the prices apply.

Advertising materials such as catalogues, pamphlets or brochures made available to the general public will not be accepted by the CRA as a tariff or other inventory. However, the CRA will accept, as a tariff or inventory, a price list provided by a hotel to a tour operator for available rooms by season(s).

The information demonstrating that there is a written agreement may be contained in one or more documents. These could include electronic documents capable of being rendered into writing such as e-mails. The documentation must show that the parties conducting business were aware of their rights and responsibilities with respect to the properties and/or services to be provided. It should contain information concerning the application of the GST/HST to these properties and/or services as of the date the documentation was finalized.

1.7 If an agreement in writing entered into before September 25, 2006, is changed on or after September 25, 2006, will a VRP rebate still be available?

If, on or after September 25, 2006, the initial written agreement entered into before September 25, 2006, were to be changed, this could create a new agreement for which the VRP rebate will not be available. Call GST/HST Rulings at 1-800-959-8287 for more information on when an agreement that is changed is considered to be a new agreement. If you are located in Quebec, please contact Revenu Québec by calling the toll-free number 1-800-567-4692.

1.8 Can a VRP rebate still be claimed for the GST/HST paid on short-term and/or camping accommodation for stays in Canada prior to April 1, 2007?

Yes, a VRP rebate can still be claimed for the GST/HST paid on short-term and/or camping accommodation for stays in Canada prior to April 1, 2007, even if an agreement in writing was not entered into before September 25, 2006. The refund application must be filed within one year after the date the GST/HST on the accommodation became payable and all other requirements for the rebate must be met.

For more information on the requirements for claiming a VRP rebate, refer to the pamphlet RC4031, *Tax Refund for Visitors to Canada*.

1.9 What if a non-resident purchased accommodation in Canada and the stay started before April 2007 but continued past April 1, 2007?

A VRP rebate can still be claimed for the GST/HST paid on the short-term and/or camping accommodation for stays in Canada that started before April 2007 but continued past April 1, 2007, even if an agreement in writing was not entered into before September 25, 2006. However, the accommodation must have been in the same facility, it must have been for less than one month of continuous occupancy and all other requirements for the rebate must be met.

1.10 A non-resident individual stayed in a Canadian motel in October 2006. Can the motel credit the GST/HST to the individual under the VRP for the hotel accommodation?

Yes, the motel can credit the GST/HST to the individual under the VRP for the accommodation. The new FCTIP came into effect on April 1, 2007.

1.11 A non-resident individual reserves a room in a Canadian lodge under an agreement in writing entered into in August 2006 for a stay in Canada in May 2007. Can the lodge credit the GST/HST to the individual under the VRP for the accommodation?

Yes, the lodge can credit the GST/HST to the individual under the VRP for the accommodation. The agreement in writing was entered into before September 25, 2006, and the first night of accommodation was made available before April 2009.

The lodge must keep proof that the contract with the non-resident individual was entered into before September 25, 2006, and proof that the individual would have been eligible for a rebate if the individual had paid the tax and filed a rebate application with the CRA.

1.12 A non-resident non-GST/HST-registered tour operator purchased a block of hotel rooms from a Canadian hotel under an agreement in writing entered into in November 2006. The hotel rooms are assembled into eligible tour packages where the rooms are made available to non-resident individuals before April 2007. Can the hotel credit the GST/HST to the non-resident non-GST/HST-registered tour operator under the VRP?

Yes, the hotel can still credit the GST/HST under the VRP to the non-resident non-GST/HST-registered tour operator. The hotel accommodation was made available to non-resident individuals before April 2007.

1.13 A non-resident non-GST/HST-registered tour operator purchased a block of rooms from a Canadian bed and breakfast under an agreement in writing entered into on September 1, 2006. The hotel rooms are assembled into eligible tour packages where the rooms are made available to non-resident individuals before April 2009. Can the bed and breakfast credit the GST/HST to the non-resident non-GST/HST-registered tour operator under the VRP?

Yes, the bed and breakfast can still credit the GST/HST under the VRP to the non-resident non-GST/HST-registered tour operator. The agreement in writing was entered into before September 25, 2006, and the accommodation is made available to non-resident individuals before April 2009.

The bed and breakfast must keep proof that the contract with the non-resident non-GST/HST-registered tour operator was entered into before September 25, 2006, and proof that the tour operator would have been eligible for a rebate if the tour operator had paid the tax and filed a rebate application with the CRA.

Foreign Convention and Tour Incentive Program

Overview

2.1 What is the Foreign Convention and Tour Incentive Program?

The Foreign Convention and Tour Incentive Program (FCTIP) is a new rebate program that provides GST/HST relief to non-resident consumers and non-resident non-GST/HST-registered businesses for short-term and/or camping accommodation in Canada included in a tour package and for certain properties and/or services used in the course of conventions held in Canada.

2.2 Who is a “non-resident”?

A non-resident is a person not resident in Canada and could be a consumer or a business. See question 1.4 for the definition of “consumer”.

2.3 Does the new FCTIP apply to both GST and HST?

Yes, the program applies to both the GST and the HST.

2.4 When did the new FCTIP come into effect?

The new FCTIP came into effect on April 1, 2007.

2.5 Who gets a rebate under the new FCTIP?

Under the new FCTIP, non-residents such as consumers and non-GST/HST-registered businesses, including tour operators, that purchase an eligible tour package are able to get a rebate. Non-resident non-GST/HST-registered tour operators that purchase short-term and/or camping accommodation in Canada that is resold as part of an eligible tour package can also get a rebate. See question 3.1 for the definition of “eligible tour package”.

In addition, sponsors and non-GST/HST-registered organizers of foreign conventions held in Canada, and non-resident non-GST/HST-registered exhibitors at any convention held in Canada can get a rebate under the new FCTIP. More information on conventions can be found starting at question 11.1.

2.6 How much is the rebate under the new FCTIP for

a) non-resident consumers and non-resident non-GST/HST-registered businesses that purchase an eligible tour package?

Generally, the amount of the rebate available to non-resident consumers and non-resident non-GST/HST-registered businesses that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package. However, the amount of the rebate is reduced if there is ineligible accommodation in Canada included in the eligible tour package, such as accommodation on a boat or a train. More information on calculating the rebate can be found starting at question 6.1.

b) non-resident non-GST/HST-registered tour operators that purchase short-term and/or camping accommodation in Canada resold as part of an eligible tour package?

Non-resident non-GST/HST-registered tour operators that purchase short-term and/or camping accommodation in Canada resold as part of an eligible tour package are entitled to rebate of all of the 6% GST or 14% HST paid on the accommodation they included in an eligible tour package sold to non-residents.

2.7 Who is a “tour operator”?

Generally, a tour operator is a person who, in the ordinary course of a business of the person, packages tours for sale to either a group of travellers or an individual traveller. An outfitter or an owner of a resort, lodge, hotel or motel may be a tour operator if the person packages tours for sale in the ordinary course of a business. Travel agents, when they sell tour packages on behalf of a tour operator, are not tour operators for the new FCTIP. Persons who sell packages that include a convention facility or related convention supplies are also not tour operators for the new FCTIP.

2.8 Is there a gap between the old VRP and the new FCTIP during which non-resident non-GST/HST-registered tour operators who purchase eligible tour packages in Canada for sale to non-residents cannot get a GST/HST rebate?

There is no gap. Non-resident non-GST/HST-registered tour operators will be entitled to a rebate or credit of up to 50% of the 6% GST and/or 50% of the 14% HST for an eligible tour package under either the old

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VRP or the new FCTIP. They can get the rebate regardless of the date they entered into written agreements or the date they purchased eligible tour packages for sale to non-residents. Tour operators can either file a rebate claim with the CRA or ask the Canadian supplier to pay or credit the amount of the rebate at the point of sale.

2.9 Is there a gap between the old VRP and the new FCTIP during which non-resident non-GST/HST-registered tour operators cannot get a GST/HST rebate for short-term and/or camping accommodation in Canada that they purchase and include in eligible tour packages for sale to non-residents?

There is no gap. Non-resident non-GST/HST-registered tour operators will be entitled to a rebate of all of the 6% GST or 14% HST they pay for the accommodation, under either the old VRP or the new FCTIP, regardless of the date they entered into written agreements or the date they purchased that short-term and/or camping accommodation in Canada.

Canadian suppliers may pay or credit the amount of the rebate to the tour operator at the point of sale if:

- the first night of the accommodation in Canada included in the eligible tour package is made available before April 2007; or
- the first night of the accommodation in Canada included in the eligible tour package is made available before April 2009 **and** the accommodation was purchased under an agreement in writing entered into before September 25, 2006.

In all other circumstances, Canadian suppliers cannot pay or credit the amount of the rebate. Instead, the tour operator can file a rebate claim with the CRA or arrange to have another person such as the Canadian supplier file the claim with the CRA on their behalf.

2.10 How much is the rebate under the new FCTIP for non-resident non-GST/HST-registered exhibitors attending any convention held in Canada?

Non-resident non-GST/HST-registered exhibitors will be entitled to a rebate of all of the 6% GST or 14% HST paid on exhibition space or related convention supplies rented or purchased from a registrant. More information regarding conventions can be found starting at question 11.1.

2.11 How much is the rebate under the new FCTIP for non-resident sponsors or non-GST/HST-registered organizers of foreign conventions?

Non-resident sponsors or non-GST/HST-registered organizers of foreign conventions held in Canada will be eligible for a rebate of all of the 6% GST or 14% HST paid for the convention facility and/or related convention supplies. However, the amount of the rebate available for food or beverages or items purchased under a contract for catering is limited to 50% of the 6% GST or the 14% HST. More information regarding conventions can be found starting at question 11.1.

2.12 Can non-resident non-GST/HST-registered tour operators register for GST/HST so that they can claim input tax credits on purchases of short-term and/or camping accommodation in Canada?

Non-resident tour operators selling eligible tour packages can voluntarily register for GST/HST purposes. However, there are obligations that come along with being registered. For example, the tour operators would be required to:

- give and maintain security in an amount and form satisfactory to the CRA;
- get permission to maintain their books and records in English or French at a place outside of Canada;

- either send their books and records to Canada or undertake to pay the expenses incurred in conducting the audit outside of Canada where permission has been conditionally granted to maintain their books and records outside of Canada;
- charge and account for GST/HST on their sales of Canadian tour packages, even when sold to non-residents (although the non-resident tour operator would be able to pay or credit generally 50% of the GST/HST payable on the tour packages if the non-resident purchaser is entitled to a rebate); and
- file regular GST/HST returns.

Additional information can be found in the guide RC4027, [*Doing Business in Canada - GST/HST Information for Non-Residents*](#).

2.13 A non-resident files a rebate claim with the CRA. What language must the non-resident use when completing the rebate application?

Rebate claims under the new FCTIP must be made in either English or French. All supporting documents submitted with the claims, or kept in the non-resident's books and records, as applicable, must be in English or French or a translation must be provided.

2.14 Can non-residents keep their supporting documents outside Canada?

Non-residents who file rebate claims under the new FCTIP must keep supporting documents that will allow the CRA to determine the amount of the rebate that the non-resident is entitled to receive. The supporting documents must be kept in Canada, unless the non-resident gets permission to keep the records at a place outside Canada. Non-residents must write to a CRA Tax Services Office (TSO) to get permission to keep their supporting documents at a place outside Canada.

Generally, permission to keep records outside Canada will be granted providing that the non-resident agrees to make them available to the CRA for examination and audit. The non-resident may ship the records to the applicable TSO and provide reasonable assistance necessary to complete the audit or, alternatively, reimburse the CRA for any costs incurred by the auditor and any other officers in travelling to where the books and records are kept to examine them.

Please note that non-resident consumers and non-resident non-GST/HST-registered businesses that are not tour operators must send all supporting documents with their rebate claims. As a result, they do not have to get permission to keep their records at a place outside Canada. Generally, it is only non-resident non-GST/HST-registered tour operators that have to get permission to keep records, such as those that may be asked for by the CRA at a later date, at a place outside Canada. See question 9.3 for the types of records that the CRA may ask for at a later date.

2.15 Is there a limit on the number of rebate claims that a non-resident can make?

No. There is no limit to the number of rebate claims that a non-resident can make. However, non-residents can only make one rebate claim for a particular purchase of an eligible tour package, or for short-term and/or camping accommodation resold as part of an eligible tour package, as the case may be.

Tour incentive program

Definition of tour package

3.1 What is an eligible tour package for the new FCTIP and has this definition changed from the definition of an eligible tour package under the old VRP?

The definition of an eligible tour package for the purposes of the GST/HST rebate under the new FCTIP has not changed from the definition of an eligible tour package for rebate purposes under the old VRP.

Under the new FCTIP, for the purposes of the GST/HST rebate on tour packages or on accommodation for resale as part of a tour package, the tour package must be an eligible tour package. An eligible tour package must include either short-term and/or camping accommodation in Canada and at least one service. Examples of services are transportation services or guide or interpreter services. In addition, the package must be sold for an all-inclusive price. Packages that include a convention facility or related convention supplies are not eligible tour packages for purposes of these GST/HST rebates. See question 11.1 for more information on conventions.

3.2 I thought that the definition of a tour package was:

“a combination of two or more services, or of property and services, that includes transportation services, accommodation, a right to use a campground or trailer park, or guide or interpreter services, where the property and services are supplied together for an all-inclusive price, but does not include a tour package that includes a convention facility or related convention supplies”.

This is generally the definition of a tour package for GST/HST purposes. However, for a tour package to be eligible for a GST/HST rebate under the new FCTIP it must include short-term and/or camping accommodation in Canada. Given that short-term and/or camping accommodation in Canada is property and that tour packages cannot consist solely of property for GST/HST purposes, the package must also include a service in order to be an eligible tour package under the new FCTIP. The definition provided in question 3.1 above only includes those portions of the general definition of tour package that are relevant for the rebate under the new FCTIP.

3.3 What is short-term accommodation under the new FCTIP?

For the new FCTIP, short-term accommodation means the rental of an accommodation unit in Canada 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 weeklong accommodation in hotels or motels would usually be considered short-term accommodation.

Short-term accommodation includes any type of overnight shelter that is part of a tour package that has food and the services of a guide. However, short-term accommodation does not include shelter on a train, trailer, boat or structure that could be self-propelled. It also does not include the rental of an accommodation unit under a timeshare arrangement. Short-term accommodation outside of Canada is not short-term accommodation for purposes of the new FCTIP.

3.4 What is camping accommodation under the new FCTIP?

For the new FCTIP, camping accommodation means a campsite at a campground or recreational trailer park in Canada that is rented continuously as a place of lodging for periods of less than one month for 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 supplied with the campsite.

Campsites outside of Canada are not camping accommodation for purposes of the new FCTIP.

3.5 What is a “service”?

A “service” means anything other than property, money, and anything that is provided to an employer by an employee in the course of employment. Examples of services include the services of a guide or interpreter, transportation services (e.g., bus tours, air transportation), sightseeing excursions and ski lessons.

3.6 What is “property”?

“Property” means any type of property. It includes goods and a right or interest of any kind but does not include money. Examples of property include short-term and camping accommodation, meals, a right to enter or attend an event such as tickets to a show or a hockey game, car rentals, ski rentals, ski lift tickets, golf green fees and park passes.

3.7 What does “all-inclusive price” mean?

Generally, an all-inclusive price means a single price for all property and services sold together in a package. However, in the tourism industry prices for certain property or services are sometimes listed on an invoice for information purposes.

The CRA would accept that such packages are sold for an all-inclusive price.

3.8 Hotel accommodation in three different cities in Canada is sold as a package for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

No. This package is accommodation only and is not an eligible tour package under the new FCTIP. Although the package includes short-term accommodation in Canada, it does not include a service.

3.9 A hotel in Canada provides a shuttle to and from a nearby casino. The shuttle is included in the room price. Is this an eligible tour package under the new FCTIP?

No. This is not an eligible tour package under the new FCTIP. The shuttle is considered to be part of the accommodation. Therefore, this is accommodation only.

3.10 A stay at an all-inclusive resort in Canada is sold. Included in the price is accommodation at the resort, meals at the resort, access to the resort swimming pool, access to the resort tennis court and a spa service at the resort spa. Is this an eligible tour package under the new FCTIP?

No. This is not an eligible tour package under the new FCTIP. In the case of an all-inclusive resort, items such as the meals, complimentary swimming pool and tennis court access and a complimentary spa service at the resort spa are amenities that are part of the accommodation. Therefore, the CRA considers this to be only accommodation. It is not an eligible tour package.

3.11 A package includes round-trip air transportation, accommodation in a hotel in Canada, guided sightseeing tours and meals sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The services in this package are the air transportation and the guided sightseeing tours.

3.12 A package includes accommodation at a motel in Canada, meals and theatre tickets sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

No. This package is not an eligible tour package under the new FCTIP. Although the package includes short-term accommodation in Canada, it does not include a service. The meals and theatre tickets are both property.

3.13 A package includes accommodation at a bed and breakfast in Canada, bus transportation to and from an outlet shopping centre in a neighbouring city and attendance at a festival sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the intercity bus transportation.

3.14 A package includes accommodation at a hotel in Canada, meals, a sightseeing excursion to a heritage site and admission to the heritage site sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the sightseeing excursion.

3.15 A package includes camping accommodation in Canada, meals and admission to a heritage site sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

No. This package is not an eligible tour package under the new FCTIP. Although the package includes camping accommodation in Canada, it does not include a service. The meals and the admission to a heritage site are both property.

3.16 A round-trip by air, accommodation at a lodge in Canada, guide services for fishing and meals are sold for an all-inclusive price. The cost of bait is charged separately. Is this an eligible tour package under the new FCTIP?

Bait is not part of any tour package because it is sold separately for an identified price. The items sold for an all-inclusive price – accommodation at a lodge, guide services for fishing and meals – are an eligible tour package. The package includes short-term accommodation in Canada and a service. The services in this package are the air transportation and the guide services for fishing.

3.17 Accommodation at an inn in Canada, meals and a guided tour of local wineries are sold for an all-inclusive price. Is this an eligible tour package under the new FCTIP?

Yes, this is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the guided tour of the wineries.

3.18 A lodge at a ski resort sold a package that includes short-term accommodation in Canada, ski lift tickets and ski equipment rentals for an all-inclusive price. Is this package an eligible tour package for the new FCTIP?

No. This package is not an eligible tour package under the new FCTIP. Although the package includes short-term accommodation in Canada, it does not include a service. The ski lift tickets and ski equipment rentals are both property.

3.19 A lodge at a ski resort sold a package that includes short-term accommodation in Canada, ski lift tickets and ski lessons for an all-inclusive price. Is this package an eligible tour package for the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the ski lessons.

3.20 Does a Fully Independent Travel tour qualify as an eligible tour package under the new FCTIP?

A Fully Independent Travel (F.I.T.) tour qualifies as an eligible tour package as long as it meets the definition. For example, an F.I.T. tour that contains hotel accommodation in Canada and a flight sold together for an all-inclusive price by a single person will qualify as an eligible tour package. However, a F.I.T. tour that contains hotel accommodation in Canada and a flight sold separately will not qualify as an eligible tour package as these are two separate sales. Similarly, a F.I.T. tour that contains hotel accommodation in Canada and a flight sold to the traveller by separate persons or by an agent acting on behalf of separate persons will not qualify as an eligible tour package.

3.21 A tour operator offers customized tours to purchasers. The tour operator offers short-term accommodation in Canada, meals, transportation and admission ticket options. Purchasers build their own tour by choosing one of each option. Each element of the tour is priced and sold separately, but listed on the same invoice. Is this tour an eligible tour package under the new FCTIP?

No. This tour is not an eligible tour package under the new FCTIP. Although the tour includes short-term accommodation in Canada and a transportation service, the property and services are not combined together and sold for an all-inclusive price. The property and services are sold individually on the same invoice.

3.22 A tour operator offers customized packages to purchasers. The tour operator offers short-term accommodation in Canada, meals, air transportation and admission ticket options. The purchasers build their own package by choosing one of each option. The package is sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service, and is sold for an all-inclusive price. The service in this package is the air transportation.

3.23 A purchaser asks that an advertised package be altered to add theatre tickets and a car rental. The advertised package included hotel accommodation in Canada and round-trip air transportation. The altered package is sold for an all-inclusive price. Is this package an eligible tour package under the new FCTIP?

Yes, the altered package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the air transportation.

3.24 The operator of a hunting lodge sold a package that includes short-term accommodation in Canada, meals, hunting licences and the services of a guide for an all-inclusive price. The operator segregated the price for the short-term accommodation on the invoice to inform the purchaser of the amount on which the applicable provincial sales tax was calculated. Is this package an eligible tour package for the new FCTIP?

Yes, this package is an eligible tour package under the new FCTIP. The package includes short-term accommodation in Canada and a service. The service in this package is the services of the guide. Furthermore, the property and services are combined together and sold for an all-inclusive price. The price for the short-term accommodation is listed on the invoice for information purposes only.

Tour package rebates

4.1 How does the rebate under the new FCTIP apply to a non-resident consumer or a non-resident non-GST/HST-registered business that purchases an eligible tour package?

Under the new FCTIP, a non-resident consumer or a non-resident non-GST/HST-registered business that buys an eligible tour package will be entitled to a rebate of up to 50% of the GST/HST paid on the tour package under certain conditions. The conditions are set out in questions 4.2 and 4.3.

Generally, the amount of the rebate available to non-resident consumers and non-resident non-GST/HST-registered businesses that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package. However, the amount of the rebate is reduced if there is ineligible accommodation in Canada included in the eligible tour package such as accommodation on a boat or a train. More information on calculating the rebate can be found starting at question 6.1.

4.2 A non-resident non-GST/HST-registered tour operator purchases an eligible tour package. What other conditions do they have to meet to be able to get a rebate under the new FCTIP?

The non-resident non-GST/HST-registered tour operator must have purchased the eligible tour package for resale in the ordinary course of its business of selling tour packages and must have sold the tour package to another non-resident. Payment for the resale of the tour package must have been made at a place outside Canada where the tour operator or its agent is conducting business. The short-term and/or camping accommodation in Canada included in the tour package must have been made available to a non-resident individual.

There are other general requirements that must be met to get a rebate. These are set out beginning in question 5.1.

4.3 A non-resident consumer or a non-resident non-GST/HST-registered business that is not a tour operator purchases an eligible tour package. What other conditions do they have to meet to be able to get a rebate under the new FCTIP?

The non-resident consumer or non-resident non-GST/HST-registered business must not have purchased the tour package for resale in the ordinary course of a business of selling tour packages and the short-term and/or camping accommodation in Canada included in the tour package must have been made available to a non-resident individual.

There are other general requirements that must be met to get a rebate. These are set out beginning in question 5.1.

4.4 Will a non-resident non-GST/HST-registered business that buys an eligible tour package for use by a non-resident employee or a client be able to get a rebate of up to 50% of the GST/HST paid on the tour package under the new FCTIP?

Yes, a non-resident business that buys an eligible tour package for use by a non-resident employee or client will be able to get a rebate of up to 50% of the GST/HST paid on the tour package as long as all of the conditions are met.

Generally, the amount of the rebate available to non-resident non-GST/HST-registered businesses that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package. However, the amount of the rebate is

reduced if there is ineligible accommodation in Canada included in the eligible tour package such as accommodation on a boat or a train. More information on calculating the rebate can be found starting at question 6.1.

4.5 Will a non-resident consumer that buys an eligible tour package for his or her personal use be able to get a rebate of up to 50% of the GST/HST paid on the tour package under the new FCTIP?

Yes, a non-resident consumer that buys an eligible tour package for his or her personal use will be able to get a rebate of up to 50% of the GST/HST paid on the tour package as long as all of the conditions are met.

Generally, the amount of the rebate available to non-resident consumers that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package. However, the amount of the rebate is reduced if there is ineligible accommodation in Canada included in the eligible tour package such as accommodation on a boat or a train. More information on calculating the rebate can be found starting at question 6.1.

4.6 Will a non-resident organization such as a charity that buys an eligible tour package also be able to get a rebate of up to 50% of the GST/HST paid on the tour package under the new FCTIP?

Yes, a non-resident organization such as a charity that buys an eligible tour package will also be able to get a rebate of up to 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package as long as all of the conditions are met. The organization will have to satisfy the same requirements as consumers and non-resident non-GST/HST-registered businesses that are not tour operators.

Generally, the amount of the rebate available to the non-resident organization that purchases an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package. However, the amount of the rebate is reduced if there is ineligible accommodation in Canada included in the eligible tour package such as accommodation on a boat or a train. More information on calculating the rebate can be found starting at question 6.2.

Filing the rebate claim

5.1 How do non-resident consumers and non-resident non-GST/HST-registered businesses claim the rebate for up to 50% of the GST/HST paid on eligible tour packages under the new FCTIP?

Non-resident consumers and non-resident non-GST/HST-registered businesses that qualify for a rebate of up to 50% of the GST/HST paid on an eligible tour package can be paid or credited the amount by a GST/HST registrant such as a Canadian tour operator or receive the rebate by filing a rebate claim with the CRA provided certain conditions are met. These conditions are described in questions 4.2, 4.3 and the following questions and answers.

5.2 How long does a non-resident consumer or non-resident non-GST/HST-registered business have to file a rebate claim under the new FCTIP if the claim is filed with the CRA?

The non-resident consumer or non-resident non-GST/HST-registered business must file the rebate claim within one year of the last day on which any GST/HST included in the claim became payable.

5.3 Does the person filing the rebate claim under the new FCTIP need to be a non-resident at the time the rebate claim is filed?

Yes, the person filing the rebate claim needs to be a non-resident at the time the application is filed.

5.4 What is the minimum amount required for the rebate claim under the new FCTIP?

For the rebate claim under the new FCTIP, a person must have paid a minimum of \$12 GST or \$28 HST on the eligible tour package or on short-term and/or camping accommodation resold as part of an eligible tour package.

5.5 What is the minimum amount required for the rebate claim under the new FCTIP when a person is charged both GST and HST on an eligible tour package?

If a person paid a minimum of either \$12 GST or \$28 HST on an eligible tour package then they meet the minimum amount required for the rebate. Where a person paid both GST and HST on an eligible tour package, and the amounts paid are less than the minimum \$12 and \$28 respectively, then the person would have to get information from the supplier demonstrating that the parts of the tour package that were taxed at 6% GST and 14% HST were sold for a total price of at least \$200.

5.6 What is the maximum amount of the rebate claim allowed for persons who use the quick calculation method to determine the amount of the rebate for eligible tour packages?

For any single rebate claim, a non-resident consumer that uses the quick calculation method can receive a maximum rebate of \$75 for all eligible tour packages. For a single rebate claim, a non-resident business that uses the quick calculation method can receive a maximum rebate of \$75 for each individual to whom the short-term and/or camping accommodation as part of an eligible tour package is made available.

Please note that non-resident non-GST/HST-registered tour operators cannot use the quick calculation method. See question 6.4 for an explanation of the quick calculation method.

5.7 Is there a prescribed form that non-residents must use when making a rebate claim with the CRA?

Yes, non-residents must file their rebate claim on form GST115, [GST/HST Rebate Application for Tour Packages](#). Non-residents must provide all information requested on the form, include the required supporting documents, and send it to the address indicated. Non-residents can file only one rebate claim for the GST/HST paid on an eligible tour package or short-term and/or camping accommodation for resale as part of an eligible tour package.

5.8 Can a non-resident person file a rebate claim with the CRA for the GST/HST paid on an eligible tour package if the person was paid or credited an amount of the rebate at the point of sale?

No. A non-resident person cannot file a rebate claim with the CRA where the person was paid or credited an amount of the GST/HST rebate at the point of sale.

5.9 What documents are required to be provided with the rebate claim under the new FCTIP?

Non-resident consumers and non-resident non-GST/HST-registered businesses that file rebate claims under the new FCTIP with the CRA must provide sufficient documentary evidence to establish their entitlement to the rebate. This can include original copies of itineraries, invoices, receipts or other documents that confirm that the package was an eligible tour package; the amount of GST/HST charged to, and paid by, the non-resident in connection with the sale of the tour package; and the number of nights of short-term and/or camping accommodation in Canada included in the package.

For non-resident non-GST/HST-registered tour operators claiming the rebate either for eligible tour packages or for accommodation they resold as part of an eligible tour package, the documents must indicate that the eligible tour package was resold to non-residents for use by non-resident individuals, and that payment for the resale of that tour package was made at a place outside Canada.

Further details will be available on form GST115, *GST/HST Rebate Application for Tour Packages*.

5.10 What if a rebate claim under the new FCTIP is made and the amendments are not law yet?

The legislation became law on June 22, 2007 so rebate claims are being processed.

5.11 How long will it take for rebate claims under the new FCTIP to be processed?

The CRA's goal is to process rebate claims under the new FCTIP within four weeks of receiving the claims. Interest will be paid beginning on the day that is 30 days after the day the claim is filed with the CRA, and ending on the day the rebate is paid.

Calculating the tour package rebate amount

6.1 How will non-resident non-GST/HST-registered tour operators who are claiming a tour package rebate from the CRA calculate the amount of the rebate under the new FCTIP?

Non-resident non-GST/HST-registered tour operators must use the general calculation method to calculate the rebate available for purchases of eligible tour packages. See question 6.3 for the general calculation method.

6.2 How will non-resident consumers and non-resident non-GST/HST-registered businesses that are not tour operators calculate the amount of their tour package rebate claim that they file with the CRA under the new FCTIP?

There are two methods for calculating the amount of the rebate available to non-resident consumers and non-resident non-GST/HST-registered businesses that are not tour operators that are claiming the rebate directly: the general calculation method set out in question 6.3 and the quick calculation method discussed in question 6.4.

6.3 What is the general calculation method?

The amount of the tour package rebate under the general calculation method is determined by the formula:

$$C/D \times E/2$$

where

- C is the total number of nights of short-term and/or camping accommodation in Canada included in the eligible tour package;
- D is the total number of nights the non-resident individual to whom the accommodation is made available spends in Canada as part of the tour package. This includes ineligible accommodation such as shelter on a boat or a train; and
- E is the GST/HST paid on the purchase of the eligible tour package.

Generally, the amount of the rebate available to non-resident consumers and non-resident non-GST/HST-registered businesses that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada in the tour package. The rebate is reduced if there is

Questions and Answers on the Cancellation of the Visitor Rebate Program and the New Foreign Convention and Tour Incentive Program

ineligible accommodation in Canada included such as accommodation on a boat or a train. For an example of the calculation see question 6.6.

6.4 What is the quick calculation method?

The amount of the rebate under the quick calculation method is determined by the formula:

$$(A \times \$5) + (B \times \$1)$$

where

- A is the total number of nights of short-term accommodation in Canada included in the eligible tour package; and
- B is the total number of nights of camping accommodation in Canada included in the eligible tour package.

As explained in question 3.3, short-term accommodation includes any type of overnight shelter that is part of a tour package that has food and the services of a guide. Therefore, for the quick calculation method, a campsite in Canada included in a tour package that also includes food and the services of a guide sold for an all-inclusive price, is short-term accommodation and not camping accommodation. In this situation, the amount of the rebate is calculated using \$5 per night, not \$1 per night.

6.5 Can non-resident consumers and non-resident non-GST/HST-registered businesses that are not tour operators choose to use either the general calculation method or the quick calculation method to calculate the amount of their tour package rebate claim under the new FCTIP?

Yes, non-resident consumers and non-resident non-GST/HST-registered businesses that are not tour operators can choose to use either calculation method when making their rebate claims. They must use the same calculation method for all eligible tour packages included in a rebate claim. However, if they file separate rebate claims for different tour packages, they can choose different calculation methods for each claim.

6.6 A non-resident consumer purchases a tour package from a registered Canadian tour operator and pays \$60 GST. The tour package includes three nights' accommodation in an inn in Canada and one night of accommodation on a train in Canada. What rebate is available if the non-resident consumer used

a) the general calculation method?

In this example:

- C = 3 nights of short-term accommodation in Canada
- D = 4 nights spent in Canada
- E = \$60 GST paid on the tour package

Using the formula $C/D \times E/2$ from question 6.3, the general calculation method is as follows:

$$3/4 \times \$60/2 = \$22.50$$

The amount of the rebate available is \$22.50 using the general calculation method.

b) the quick calculation method?

In this example:

- A = 3 nights of short-term accommodation in Canada
- B = 0 nights of camping accommodation in Canada

Using the formula $(A \times \$5) + (B \times \$1)$ from question 6.4, the quick calculation method is as follows:

$$(3 \times \$5) + (0 \times \$1) = \$15$$

The amount of the rebate available is \$15 using the quick calculation method.

6.7 A non-resident consumer purchases an eligible tour package from a registered Canadian tour operator and pays the GST on the tour package. The tour package includes two nights' accommodation in a motel and three nights' accommodation at a campsite. What is the amount of the rebate available to the non-resident consumer using the quick calculation method?

In this example:

A = 2 nights of short-term accommodation in Canada

B = 3 nights of camping accommodation in Canada

Using the formula $(A \times \$5) + (B \times \$1)$ from question 6.4, the quick calculation method is as follows:

$$(2 \times \$5) + (3 \times \$1) = \$13$$

The amount of the rebate available is \$13 using the quick calculation method.

Note that in this case the campsite was camping accommodation. However, if the eligible tour package had included meals and the services of a guide, then the campsite would have been short-term accommodation and the calculation would have been:

$$(5 \times \$5) + (0 \times \$1) = \$25$$

6.8 What happens if a non-resident consumer or a non-resident non-GST/HST-registered business that is not a tour operator buys more than one eligible tour package from the same person and the tour packages include short-term and/or camping accommodation in Canada on the same nights? Can a rebate be claimed for all of the tour packages?

A non-resident consumer can claim a rebate for all of the eligible tour packages using the general calculation method. If the non-resident consumer chooses to use the quick calculation method, then he or she can only claim a rebate for one of the eligible tour packages. See question 1.3 for the definition of a consumer.

Non-resident non-GST/HST-registered businesses that are not tour operators can claim more than one rebate using the quick calculation method or the general calculation method when they purchase more than one eligible tour package from the same person and the tour packages include short-term and/or camping accommodation in Canada on the same nights.

6.9 Can non-resident non-GST/HST-registered tour operators who are claiming a rebate from the CRA use the quick calculation method to calculate the amount of the rebate under the new FCTIP?

No. Non-resident non-GST/HST-registered tour operators who are claiming a rebate from the CRA cannot use the quick method of calculation. They must use the general calculation method.

Tour package rebate paid or credited by a registrant

7.1 Who is a “qualifying non-resident”?

A qualifying non-resident is a non-resident person who would be entitled to apply to the CRA for a GST/HST rebate under the new FCTIP if the person had paid the GST/HST and met all of the requirements for the rebate. Qualifying non-residents might include non-resident consumers, non-resident non-GST/HST-registered businesses that are not tour operators, and non-resident non-GST/HST-registered businesses that are tour operators. See questions 4.2, 4.3 and 8.2 for more information on eligibility requirements.

7.2 What is the amount of the rebate under the new FCTIP that may be paid or credited by a registrant such as a Canadian tour operator?

Under the new FCTIP, the amount of the tour package rebate that a registrant such as a Canadian tour operator can pay or credit a non-resident consumer or a non-resident non-GST/HST-registered business is the same as the amount that the qualifying non-resident would have received from the CRA.

If the amount of the rebate that the non-resident would be able to claim is 50% of the GST/HST, then that is the amount that the registrant can pay or credit the non-resident. The amount of the rebate paid or credited to the non-resident must be calculated using the general calculation method. More information on calculating the rebate using this method can be found starting in question 6.3.

Generally, the amount of the rebate available to non-residents that purchase an eligible tour package is 50% of the 6% GST and/or 50% of the 14% HST paid on the tour package. The rebate calculation is based on the number of nights of short-term and/or camping accommodation in Canada in the tour package. The rebate is reduced if there is ineligible accommodation in Canada included such as accommodation on a boat or a train.

7.3 What conditions must be met for a registrant to pay or credit an amount of the tour package rebate under the new FCTIP to non-resident consumers or non-resident non-GST/HST-registered businesses that are not tour operators?

The conditions are:

- the non-resident must have been charged a minimum of \$12 GST or \$28 HST (See question 5.5 for information on what to do if you are charged GST and HST and neither of these amounts is not a minimum amount); and
- either
 - payment for the eligible tour package must be made at a place outside Canada where the registrant or its agent is conducting business; or
 - a deposit of at least 20% of the total price for the eligible tour package is paid by the non-resident. The deposit must be paid at least 14 days before the first day of eligible accommodation included in the tour package is made available to the non-resident individual.

The deposit must be by credit or charge card, cheque, bank draft, or other bill of exchange, drawn on an account from an institution, such as a bank or credit union, outside Canada. A deposit made by credit or charge card is not considered to have been paid to the registrant until the issuer of the card credits the registrant’s account.

7.4 In question 7.3, in order to pay or credit an amount of the GST/HST rebate under the new FCTIP, sometimes payment for an eligible tour package has to be made at a place outside of Canada where the registrant or its agent is conducting business. Is this a new requirement?

No. This requirement is not new. It was also a requirement under the VRP.

7.5 If a registrant decides to pay or credit the amount of the GST/HST rebate on an eligible tour package under the new FCTIP to a qualifying non-resident, does the registrant still have to charge and account for the full amount of the GST/HST?

Yes, the registrant must still charge the full amount of the GST/HST due on the eligible tour package. The registrant must show the full amount of GST/HST payable on the invoice to the non-resident. The registrant must also show on the invoice the amount it has paid or credited the non-resident for the GST/HST rebate under the new FCTIP.

The registrant must also account for the full amount of GST/HST in its net tax by reporting the amount on line 103 of its GST/HST return for that particular reporting period. See question 7.1 for the definition of qualifying non-resident.

7.6 When a registrant pays or credits the amount of the GST/HST rebate on an eligible tour package under the new FCTIP to a qualifying non-resident, how will the registrant recover the amount it pays or credits?

A registrant that pays or credits the amount of the GST/HST rebate under the new FCTIP to a qualifying non-resident for an eligible tour package will be able to deduct this amount in determining its net tax for the reporting period in which the amount was paid or credited. The registrant will then report the amount to be deducted on line 107 of its GST/HST return for the reporting period in which it is deducted. By doing this, the registrant decreases the amount of net tax reported on line 109 of its GST/HST return.

The registrant must ensure that all of the conditions were met before paying or crediting the rebate and taking the deduction. See question 7.3 for the conditions that may apply.

Under the new FCTIP, registrants that claim these deductions must also file a prescribed information schedule no later than the due date for the GST/HST return in which they claimed the deduction. This information schedule, i.e., form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, is intended to provide the CRA with information regarding the amounts the registrant paid or credited.

7.7 What if a registrant that pays or credits the amount of the GST/HST rebate for an eligible tour package under the new FCTIP to a qualifying non-resident claims a deduction on the registrant's GST/HST return, but does not file the prescribed information schedule?

Registrants that file form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, late will have to add an amount equal to interest on the deducted amount for the time between the date this schedule was due, i.e., on the due date of the GST/HST return in which they claimed the deduction, and the date the schedule was actually filed. This amount is included on line 104 of the GST/HST return.

In addition, registrants will have to add an amount equal to the deduction and interest to their net tax if form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, is not filed by the earlier of the day that is four years after the due date of the GST/HST return in which they claimed the deduction or the day stipulated by the CRA in a demand to file.

Questions and Answers on the Cancellation of the Visitor Rebate Program and the New Foreign Convention and Tour Incentive Program

The amount equal to interest must be calculated using prescribed interest rates, which can be found on the CRA Web site at www.cra-arc.gc.ca/tax/faq/interest_rates/menu-e.html.

7.8 When are registrants required to start filing the prescribed information schedule?

Form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, must be filed in respect of any eligible tour package that is sold for which:

- the GST/HST charged on the eligible tour package becomes payable after March 2007; and
- the registrant claimed a deduction in its net tax for an amount paid or credited to a non-resident after March 2007.

For example, a registrant sold an eligible tour package in June 2007 and paid or credited the amount of the rebate to the qualifying non-resident. The registrant files its GST/HST returns on a monthly basis. For the reporting period from June 1 to June 30, the registrant can take a deduction for the amount on line 107 of its GST/HST return. The GST/HST return and form GST106 must be filed on or before July 31.

7.9 What information is on the prescribed information schedule?

Form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, requires the registrant to provide its name, business number and reporting period; the amount of the GST and/or the amount of the HST paid or credited during the reporting period; the number of claims paid or credited; and the total amount the registrant charged for tour packages for which GST/HST was paid or credited and for which the registrant claimed a deduction in its net tax calculation for the reporting period.

7.10 Where do registrants obtain the prescribed information schedule?

Form GST106, *Schedule 2 – Information on Claims Paid or Credited for Foreign Conventions and Tour Packages*, is available on the CRA Web site at www.cra-arc.gc.ca/forms. Registrants can also order this form by calling 1-800-959-2221.

7.11 What happens if a registrant pays or credits an amount of the GST/HST rebate under the new FCTIP to a non-resident who is not a qualifying non-resident?

If a registrant pays or credits an amount of the GST/HST rebate under the new FCTIP to a non-resident and at that time the registrant knew, or ought to have known, that the person was not a qualifying non-resident, then the registrant and the non-resident are jointly and severally liable to pay back the amount to the Receiver General. If the registrant did not know, or could not have known, that the non-resident was not a qualifying non-resident at that time, then only the non-resident is liable to pay back the amount to the Receiver General.

7.12 What happens if a registrant pays or credits an amount of the GST/HST rebate under the new FCTIP that exceeds the amount that the qualifying non-resident was entitled to receive?

If a registrant pays or credits an amount of the GST/HST rebate under the new FCTIP that exceeds the amount that the qualifying non-resident was entitled to receive, and at that time knew, or ought to have known, that the qualifying non-resident was not entitled to the excess amount, then the registrant and the non-resident are jointly and severally liable to pay back the excess amount to the Receiver General. If the registrant did not know, or could not have known, that the qualifying non-resident was not entitled to the excess amount at that time, then only the non-resident is liable to pay back the excess amount to the Receiver General.

Rebate for accommodation sold to non-resident non-GST/HST-registered tour operators

8.1 Who is eligible for a rebate for accommodation under the new FCTIP?

Under certain conditions non-resident non-GST/HST-registered tour operators will be eligible for a rebate under the new FCTIP of GST/HST paid on short-term and/or camping accommodation purchased in Canada. These conditions are listed in question 8.2.

See questions 3.3 and 3.4 for a description of short-term accommodation and camping accommodation, respectively.

8.2 Under what circumstances will non-resident non-GST/HST-registered tour operators be eligible for a rebate under the new FCTIP of GST/HST paid on short-term and/or camping accommodation in Canada?

Under the new FCTIP, a non-resident non-GST/HST-registered tour operator that bought short-term and/or camping accommodation in Canada will be entitled to a rebate of the GST/HST paid on the accommodation if:

- the tour operator bought the short-term and/or camping accommodation in Canada in the ordinary course of its business and resold it as part of an eligible tour package;
- the tour operator sold the eligible tour package to another non-resident and payment for the sale of that tour package was made at a place outside Canada where the tour operator or its agent is conducting business; and
- the short-term and/or camping accommodation included in the eligible tour package was made available to a non-resident individual.

8.3 What is the amount of the rebate under the new FCTIP for non-resident non-GST/HST-registered tour operators purchasing short-term and/or camping accommodation in Canada for resale as part of an eligible tour package?

The rebate is for all of the 6% GST and/or all of the 14% HST paid on the accommodation.

8.4 Will non-resident consumers or non-resident non-GST/HST-registered businesses that are not tour operators and that purchase short-term and/or camping accommodation in Canada other than as part of a tour package be able to get a GST/HST rebate on accommodation under the new FCTIP?

No. The rebate under the new FCTIP for accommodation sold other than as part of a tour package will only be available to non-resident non-GST/HST-registered tour operators that bought short-term and/or camping accommodation in Canada and that meet the conditions listed in the answer to question 8.2.

8.5 When does the rebate under the new FCTIP for GST/HST paid on purchases of short-term and/or camping accommodation in Canada become effective?

Generally, the new rules for the GST/HST rebate available to non-resident non-GST/HST-registered tour operators that purchased accommodation and resold it as part of an eligible tour package apply to purchases when the first night of short-term or camping accommodation in Canada is after March 2007.

However, the rules under the former VRP with respect to the rebate of the GST/HST continue to apply if the short-term and/or camping accommodation was purchased under an agreement in writing entered into before September 25, 2006, and the first night of short-term or camping accommodation in Canada is

Questions and Answers on the Cancellation of the Visitor Rebate Program and the New Foreign Convention and Tour Incentive Program

made available before April 2009. For more information on the VRP see the section entitled “Cancellation of the Visitor Rebate Program”.

8.6 How does a non-resident non-GST/HST-registered tour operator claim a rebate for short-term and/or camping accommodation under the new FCTIP?

Non-resident non-GST/HST-registered tour operators may file a rebate claim with the CRA. Please refer to form GST115, *[GST/HST Rebate Application for Tour Packages](#)*.

8.7 Can a GST/HST registrant such as a motel pay or credit the amount of the rebate under the new FCTIP for short-term accommodation and/or camping accommodation to non-resident non-GST/HST-registered tour operators?

No. A GST/HST registrant cannot pay or credit the amount of the rebate under the new FCTIP for short-term and/or camping accommodation to non-resident non-GST/HST-registered tour operators.

However, under the transitional provisions for the VRP, a registrant is able to pay or credit the amount of the rebate under the VRP to non-residents for short-term and/or camping accommodation purchased under an agreement in writing entered into before September 25, 2006, where the first night of short-term or camping accommodation in Canada is made available before April 2009. For more information on the VRP see the section entitled “Cancellation of the Visitor Rebate Program”.

8.8 A non-resident non-GST/HST-registered tour operator purchased a block of rooms from a Canadian hotel under an agreement in writing entered into in November 2006. The hotel rooms were assembled into eligible tour packages where the rooms were made available to non-resident individuals after March 2007. Can the hotel pay or credit the GST/HST to the tour operator?

No. The hotel cannot pay or credit the GST/HST to the non-resident non-GST/HST-registered tour operator. The rules under the new FCTIP apply in this situation. However, the tour operator can apply to the CRA for a rebate of the GST/HST paid using form GST115, *[GST/HST Rebate Application for Tour Packages](#)*.

Generally, the new FCTIP rules apply where the accommodation is made available after March 2007. If the accommodation is first made available before April 2009 **and** is provided under an agreement in writing entered into before September 25, 2006, then the VRP rules may still apply. The agreement in writing in this case was not entered into before September 25, 2006. It was entered into in November 2006.

Filing the rebate for GST/HST paid on accommodation resold as part of an eligible tour package

9.1 What form do non-resident non-GST/HST-registered tour operators use to claim a rebate for the short-term and/or camping accommodation resold as part of an eligible tour package?

Non-resident non-GST/HST-registered tour operators use form GST115, *[GST/HST Rebate Application for Tour Packages](#)* to file a rebate claim with the CRA. This form is available on the CRA Web site at www.cra-arc.gc.ca/forms.

9.2 What are the eligibility requirements for non-resident non-GST/HST-registered tour operators to claim a rebate for short-term and/or camping accommodation under the new FCTIP?

To get a rebate for short-term and/or camping accommodation under the new FCTIP a non-GST/HST-registered tour operator must:

- have bought the short-term and/or camping accommodation in Canada in the ordinary course of its business for resale as part of an eligible tour package;
- have included the short-term and/or camping accommodation in an eligible tour package;
- have sold the eligible tour package to another non-resident;
- have received payment for the sale of that tour package at a place outside Canada where the tour operator or its agent is conducting business;
- have ensured that the short-term and/or camping accommodation included in the eligible tour package was made available to a non-resident individual;
- have paid a minimum of \$12 GST or \$28 HST (see question 5.5 for information on what to do if you are charged GST and HST and neither of these amounts is a minimum amount);
- be a non-resident at the time the rebate claim is filed;
- file a claim within one year of the last day on which any GST/HST included in the claim became payable; and
- provide documents to prove that it has met all of the **above** eligibility requirements for the rebate.

9.3 What documents need to be provided with the rebate claim under the new FCTIP to support the claim?

Non-resident non-GST/HST-registered tour operators will be required to send in the following information with their rebate claim to prove that they have met the eligibility requirements listed in question 9.2:

- original invoices or receipts that show the amount of GST/HST paid for the short-term or camping accommodation; and
- itineraries for, or detailed descriptions of, the eligible tour packages – these can be on paper or CD.

If asked by the CRA, non-resident non-GST/HST-registered tour operators will also have to provide the following information from their books and records:

- a list of names and addresses of the non-residents who purchased the eligible tour packages;
- the name(s) of the agent(s) through whom they sold the eligible tour packages (if applicable);
- copies of invoices issued to non-residents who purchased the eligible tour packages; and
- a list of the names and addresses of the non-resident individuals to whom the short-term and/or camping accommodation was made available.

The CRA may accept other types of documents if those other documents allow us to confirm that the eligibility requirements are met. Also, as under the former VRP, non-resident non-GST/HST-registered tour operators will be required to file rebate claims in English or French. All supporting documents submitted with the claims, or kept in the non-resident non-GST/HST-registered tour operator's books and records, as applicable, must be in English or French or a translation must be provided.

The information demonstrating that the non-resident non-GST/HST-registered tour operator has met the eligibility requirements for the rebate does not have to be on separate documents. All the necessary information may be contained in only one or two documents. These could include electronic documents capable of being rendered into writing.

Questions and Answers on the Cancellation of the Visitor Rebate Program and the New Foreign Convention and Tour Incentive Program

Please refer to GST/HST Memorandum 15.1, *General Requirements for Books and Records*, for more information.

9.4 A non-resident non-GST/HST-registered tour operator buys a block of rooms in April 2007 from a registrant hotel operator in Nova Scotia. The tour operator pays the hotel \$280 HST on the rooms. The tour operator includes the hotel rooms in an eligible tour package that it sells to other non-residents at a place outside Canada and the rooms are made available to non-resident individuals. Can the tour operator claim a rebate of HST under the new FCTIP?

Yes, the non-resident non-GST/HST-registered tour operator can file a rebate claim with the CRA for the \$280 HST paid to the registrant hotel provided it meets all eligibility and documentary requirements. See questions 9.1 and 9.2.

Filing a rebate claim on behalf of a qualifying non-resident

10.1 Could another person file the rebate application under the new FCTIP with the CRA on behalf of a qualifying non-resident?

Although it is not part of the new FCTIP, a qualifying non-resident could enter into a private arrangement with another person to have that person file a rebate application with the CRA. Such an arrangement would not change the information that has to be provided to the CRA to validate the rebate claim. In addition, proof that the qualifying non-resident has authorized the other person to file a rebate application under the new FCTIP on its behalf, such as a power of attorney, must be provided.

Please see question 7.1 for a description of who is a qualifying non-resident and question 9.3 for a description of the information to be provided to the CRA to validate the rebate claim.

10.2 What requirements must a power of attorney meet?

A power of attorney is a document whereby one person such as a qualifying non-resident appoints another person as its attorney and confers authority to perform certain specified acts on its behalf. The power of attorney is a private arrangement between those two persons. It might contain terms and conditions about how those two persons will conduct their business arrangement. However, to accept and act on a power of attorney, the CRA requires that any power of attorney filed with a rebate claim under the new FCTIP contain the following:

- a statement that the authorized person is not affiliated with the Government of Canada or the CRA;
- complete upfront disclosure of any fees charged by the authorized person to the qualifying non-resident to file the rebate application on behalf of the qualifying non-resident;
- a statement that the qualifying non-resident is authorizing the other person to act on its behalf;
- a statement that the power of attorney is for a rebate of the GST/HST under the new FCTIP;
- the qualifying non-resident's name, address, telephone number, e-mail address if applicable and signature;
- the authorized person's name, address, telephone and fax numbers, and e-mail address if applicable.

10.3 A registrant such as a hotel agrees to file the rebate application under the new FCTIP with the CRA on behalf of a non-resident non-GST/HST-registered tour operator to whom it has sold short-term and/or camping accommodation. Does this mean that the registrant does not collect the GST/HST from the tour operator?

No. The registrant must charge and account for the full amount of the GST/HST on the short-term and/or camping accommodation. Filing the rebate on behalf of the non-resident non-GST/HST-registered tour operator is a separate, private arrangement between the registrant and the tour operator.

10.4 What other type of information might a qualifying non-resident include in a power of attorney?

Question 10.2 lists the information that must be included in a power of attorney in order for the CRA to process a rebate claim.

Generally, it is the responsibility of the non-resident to decide how much authority it wants to give to another person under a power of attorney and how the non-resident wishes to structure its business arrangement with the other person. Under the former VRP, some non-residents opted to authorize another person to sign and submit rebate applications on the non-resident's behalf, open and respond to any correspondence addressed to the non-resident from CRA, and contest, settle and appeal any assessment or decision made by the CRA respecting the rebate. Some power of attorneys also included clauses outlining procedures by means of which the other person could recover amounts they advanced from their own funds to non-residents if the CRA determined that the non-resident was not entitled to all or some of the rebate amount claimed.

Information concerning these sample inclusions is provided by way of example only as to the type of authority that might be granted under a power of attorney. Non-residents should obtain legal advice to make sure that they understand the impact of granting authority to another person to act on their behalf, and should seek advice as to how much authority should be granted. Canadian registrants should also seek legal advice to make sure they understand the impact of acting on behalf of another person and to ensure that their interests are protected.

10.5 How would a qualifying non-resident get the GST/HST rebate under the new FCTIP if a registrant agrees to file the rebate application on the qualifying non-resident's behalf?

How a qualifying non-resident would get the GST/HST rebate under the new FCTIP where the qualifying non-resident authorizes a registrant to act as its attorney is a private matter between these two persons. For example, they may choose to use either the mail-in payment method or the instant payment method, which are used by some commercial GST/HST refund service providers, or they may choose to use some other method. These private arrangements are not governed by GST/HST legislation and are outside of the new FCTIP.

The mail-in payment method and instant payment method are described in questions 10.6 and 10.7, respectively.

10.6 What is the mail-in payment method?

Under the mail-in payment method, under the new FCTIP, a registrant would complete and file the rebate application with the CRA along with supporting documents and a signed power of attorney. The registrant may choose to charge a separate fee to cover its administrative costs in providing this service. The qualifying non-resident would get its money when the CRA pays the rebate. The CRA would mail the cheque, payable to the non-resident, to the address on the rebate application form (GST115).

10.7 What is the instant payment method?

Under the instant payment method, under the new FCTIP, a registrant would complete and file the rebate application with the CRA along with supporting documents and a signed power of attorney. The registrant would advance an amount equal to the estimated GST/HST rebate to the qualifying non-resident from the registrant's own funds. The registrant may choose to deduct a fee to cover its administrative costs in providing this service. The registrant would get its advance back when the CRA pays the rebate. The CRA

would mail the cheque, payable to the non-resident, to the address on the rebate application form (GST115).

10.8 If a registrant agrees to file the rebate application under the new FCTIP with the CRA on behalf of a qualifying non-resident, isn't this the same as paying or crediting the amount of the rebate to the qualifying non-resident?

No. Filing the rebate claim under the new FCTIP with the CRA on behalf of a qualifying non-resident is not the same as paying or crediting the amount of the rebate to the qualifying non-resident. Filing a claim on behalf of a qualifying non-resident is a separate private transaction between the registrant and the qualifying non-resident that involves a power of attorney. Under the new FCTIP, the qualifying non-resident must pay the GST/HST and then get a rebate from the CRA. If the non-resident has been given an amount equal to the estimated rebate from the registrant's own funds, the non-resident usually repays the advance with the rebate from the CRA.

10.9 If a registrant agrees to advance an amount equal to the estimated GST/HST rebate to a qualifying non-resident from the registrant's own funds, does this mean that the registrant has to write a cheque to the non-resident for the amount of the advance?

No. The GST/HST legislation does not provide for an advance to be made in this way, and therefore, any arrangement of this nature is a private matter between the registrant and the non-resident. As a result, where a registrant decides to pay such an advance, the manner in which the registrant chooses to set up its records, or document the fact that it has advanced funds to the non-resident, is a matter to be decided by the registrant.

The CRA requires only that the invoice for the supply show the amount of GST/HST payable and paid, and that this amount is accounted for by the registrant in its net tax. A registrant may choose to record the amounts it charges non-residents, including the GST/HST, and then on the same document record the amount it advanced to the non-resident. Then only the net amount owing would actually be paid by the non-resident to the registrant. Please note that, from a legal perspective, advancing an amount equal to the estimated rebate to a non-resident is not the same as paying or crediting the amount of the rebate. See question 10.11 for an example.

10.10 If a registrant only receives a net amount from a qualifying non-resident, how does the registrant account for the GST/HST on the sale on its GST/HST return?

The registrant must account for the full amount of GST/HST on that sale in its net tax by reporting the amount on line 103 of its GST/HST return for that particular reporting period. The registrant **cannot** claim the amount advanced to the qualifying non-resident from the registrant's own funds as a deduction on its GST/HST return. See question 10.11 for an example.

10.11 A registrant sold short-term accommodation to a qualifying non-resident non-GST/HST-registered tour operator, and advanced \$150, an amount equal to the estimated GST/HST rebate, to the qualifying non-resident from the registrant's own funds. How could the registrant account for these transactions in its records and on the registrant's GST/HST return?

As noted in Question 10.9, the GST/HST legislation does not provide for an advance to be made in this way, and therefore any arrangement of this nature is a private matter between the registrant and the non-resident. As a result, where a registrant decides to pay such an advance, the manner in which the registrant chooses to set up its records, or document the fact that it has advanced funds to the non-resident, is a matter to be decided by the registrant. However, the registrant could potentially account for the two separate transactions on the invoice issued to the qualifying non-resident as follows:

INVOICE	
Price	\$2,500
6% GST payable (\$2,500 x 6%)	<u>150</u>
Subtotal	\$2,650
Less: Advance of amount equal to estimated rebate	<u>150</u>
Net amount payable	<u>\$2,500</u>

When the net amount is paid, the registrant would give the tour operator a receipt, or note on the invoice, that the GST had been paid.

The registrant accounts for the sale of the short-term accommodation to the qualifying non-resident on its GST/HST return as follows:

GST/HST RETURN	
Total Sales and Other Revenue (line 101)	\$2,500
Total GST/HST Collected/Collectible (line 103)	\$150
Adjustments (line 104)	0
Total GST/HST and Adjustments (line 105)	\$150
Input Tax Credits (line 106)	0
Adjustments (line 107)	0
Total ITCs and Adjustments (line 108)	0
Net Tax (line 109)	\$150

The registrant must report the \$150 GST on line 103 of the registrant's GST/HST return and **cannot** take a deduction on line 107 for the amount advanced to the qualifying non-resident from the registrant's own funds.

10.12 What happens if a registrant advances an amount equal to the estimated GST/HST rebate under the new FCTIP to a non-resident but the non-resident was not entitled to a rebate?

An advance of an amount equal to an estimated GST/HST rebate is a private arrangement between the registrant and the non-resident. In some cases a power of attorney may outline procedures for registrants to recover amounts that they advanced from their own funds from non-residents.

As discussed in question 10.10, the registrant must account for the GST/HST on the sale to the non-resident and cannot take a deduction on its GST/HST return for the amount advanced to the non-resident from the registrant's own funds.