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# Municipal Accommodation Tax

## Frequently Asked Questions

The Township of Chapleau passed By-Law 2022-34 implementing a mandatory 4% Municipal Accommodation Tax (MAT) effective November 1, 2022. The MAT will apply to the purchase of accommodations for a continuous period of 30 days or less.

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### Contact Information

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# FAQ's for Accommodation Providers

## General

**Q: What is the township of Chapleau Municipal Accommodation Tax (MAT)?**

A: The Municipal Accommodation Tax is a 4% fee imposed on the cost of accommodations lasting 30 days or less. The MAT applies to the accommodation charge and does not apply to other associated charges, such as meals or room incidentals, provided that these amounts are itemized separately on the invoice.

**Q: When do I start collecting the MAT?**

A: The MAT must be collected beginning November 1, 2022.

**Q: What is the authority to charge the MAT?**

A: The municipality is authorized per section 400.1 of the Municipal Act, 2001 and Ontario Regulation 435/17 to establish and to collect the MAT. Township of Chapleau By-law 2022-34 provides for mandatory collection and remittance of the MAT.

**Q: What is the purpose of the MAT and how will the revenue be utilized?**

A: The Township is required to pay 50% of the net MAT revenue to an eligible tourism entity to be used to promote tourism, including product development. The remaining 50% of the net revenue will be transferred to a reserve fund earmarked for projects that promote tourism and that benefit residents and visitors.

## Applicability and exemptions

**Q: What accommodations are affected by the MAT?**

A: Accommodation providers, including hotels, motels, motor hotels, lodges, inns, resorts, bed and breakfast, yurts, cottages, glamping tents or other establishments providing transient lodging in all or part of a dwelling are required to collect and remit the MAT on accommodations of thirty days or less. For clarity:

- Hospitality rooms and meeting rooms that do not contain a bed are not considered accommodations and would not be subject to the MAT.
- Amenity fees and service charges including meals, room incidentals, valet services or parking are not subject to the MAT, provided they are separately itemized on the invoice.

**Q: What accommodations or purchasers are exempt from the MAT? (items below are summarized)**

**Accommodations:**

- For a period of more than 30 consecutive days by the same person
- Provided by a university or college
- Provided by hospitals, long term care facilities, retirement homes and hospices
- Provided by shelters, treatment centres and lodging of reformation of offenders
- Provided at tent and trailer sites
- Supplied by employers to their employees in premises operated by the employer

**Purchasers:**

- Province of Ontario
- School Boards

**Q: What if I give a discounted rate for an overnight accommodation? What is the rate that the MAT is to be collected on?**

A: The MAT is charged on the rate that is paid by the guest and therefore the 4% MAT would be applied on the discounted rate.

**Q: What if I have long term contracts with businesses that exceed 30 days, even though the business may authorize its employees to stay for various periods of time less than 30 days?**

A: MAT applies to purchasers that utilize the accommodation for 30 consecutive days or less. The purchaser, per the MAT By-law, is the guest in the room and therefore the MAT would apply and must be collected.

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

A: MAT applies to accommodations purchased on or after November 1, 2022. MAT applies even if provided through a corporate contract.

**Invoicing information**

**Q: Do I need to disclose the MAT on the invoice or receipt that is provided to the purchaser?**

A: Yes, include on every bill, receipt, invoice or similar document for the purchase of accommodation, a separate item identified as "Municipal Accommodation Tax" showing the rate at which the MAT is calculated (4%) and the amount of the MAT imposed.

**Q: Is HST charged on the MAT?**

A: If the provider is registered for HST, the accommodation provider is responsible for collecting and remitting the HST on the entire charge including the MAT and remit the HST directly to CRA. Contact the Canada Revenue Agency or your advisers if you have further HST questions.

**Q: Is the MAT applicable to guests that do not show up for their reservation?**

A: If a guest is charged for accommodation (no-shows included) the MAT is to be collected and remitted. If the guest is not charged for the accommodation but is required to pay a cancellation fee, the MAT would not apply to the cancellation fee.

**Q: What revenue does MAT apply to if I charge a fee that includes accommodation and meals (i.e. bed and breakfast)?**

A: The accommodation provider would be responsible to allocate the revenue between the overnight accommodation and other services, amenities or other charges separately on the invoice and collect and remit the MAT on the overnight accommodation portion of the fees. If the fees are not separately listed on the invoice, the MAT will apply to the entire invoice.

**Q: Can I deduct commission paid to a third party who collected the booking from the room revenue used to calculate the MAT?**

A: No, the revenue to be used to calculate the MAT is the purchase price of the accommodation. Costs incurred to secure or provide the accommodation are not deductible.

### **Collection and remittance**

**Q: How do I report the MAT that I collected?**

A: You must complete the MAT Remittance Report in accordance with your HST remittance frequency. These can be submitted via email at [cgoheen@chapleau.ca](mailto:cgoheen@chapleau.ca). The report can be found on the Township's website [www.chapleau.ca](http://www.chapleau.ca)

**Q: When do I have to submit my report to the Township on the MAT I collected?**

A: You are required to submit a Municipal Accommodation Tax Remittance Report quarterly in accordance with By-Law 2022-34.

**Q: How do I remit the MAT that I collected?**

A: Payment to the Township can be made via the following methods:

**By Mail**

Township of Chapleau  
Municipal Accommodation Tax  
20 Pine Street W, P.O. Box 129  
Chapleau, ON P0M 1K0

**In Person Chapleau Civic Centre**

20 Pine St. West  
Payment can be made by: cash, cheque, or debit  
Please make cheques payable to "Township of Chapleau"

**By EFT**

**payment@chapleau.ca**

Payments which are returned will be subject to a returned payment fee in accordance with the Township's User Fee By-Law.

**Q: What happens if I am late in submitting my payment for MAT collected?**

A: Any late or incomplete remittances will be charged an interest rate in accordance with the Township's User Fee By-Law.

**Q: What if a refund was issued to a guest after submitting the return?**

A: Adjustments from prior reporting periods can be made in the period the refund was returned.

**Q: What if I did not collect any MAT in the reporting period?**

A: If no MAT was collected you will still be required to submit the Remittance Report indicating that no MAT was collected in the reporting period.

**Q: Will the Township have an audit process to verify monthly remittance reports from the providers?**

A: The Township and/or its agent has the authority to inspect and audit all books, documents, transactions and accounts of accommodation providers. Accommodation providers must keep books of account, records and all documents related to the sale of accommodations, amount of the MAT collected and remitted to the Township for a period of seven years.

**Q: Why do I need to complete an Establishment Information Sheet? (Schedule A)**

A: The Establishment Information Sheet will be used by the township to set up your establishment name, address and contact information correctly in our accounting system.

### **Transition questions**

**Q: Do I have to charge the MAT if a guest has booked their stay prior to November 1, 2022 when the MAT is implemented?**

A: If the accommodation was booked and paid for prior to November 1, 2022 the MAT is not applicable. If the accommodation was booked before November 1, 2022 but paid for on or after November 1, 2022, the MAT is to be charged, collected and remitted.

**Q: If a guest's stay begins prior to November 1, 2022 and ends after November 1, 2022 do I charge the MAT when their stay begins?**

A: The MAT must be charged starting November 1, 2022 only. The MAT is not to be applied to any nights prior to November 1, 2022.

**Q: If a guest puts a deposit to hold a room prior to November 1, 2022 for a booking November 1, 2022 or later, does MAT apply?**

A: Yes, if final payment for room occurs on or after November 1, 2022 MAT applies to the accommodation rate, regardless of any deposits made. If the deposit is applied to the purchase price of the accommodation provided on or after November 1, 2022 MAT will apply to the purchase price, including the deposit.

# For Accommodation Purchasers (Guests)

## General

**Q: What is the Municipal Accommodation Tax (MAT)?**

A: The Municipal Accommodation Tax is a 4% fee imposed on accommodations of 30 consecutive days or less. The commencement date of the MAT is November 1, 2022

**Q: How is the MAT applied to the Purchase Price of accommodations?**

A: The 4% is only applied to the purchase price of the accommodation (i.e. room fee) and it does not apply to amenity fees or service charges.

**Q: Is the payment of the MAT optional?**

A: No, the MAT is mandatory. It must be paid at the same time you are paying the accommodation provider as per By-law No. 2019-8306 as prescribed by O Reg 435/17

**Q: Do I still need to pay the MAT if I do not show up for the reservation?**

A: If you are charged for the accommodation whether or not you actually occupy it, then MAT will apply. If you do not cancel your room reservation and you are charged for accommodation (no-show included) the MAT will be charged. If you are not charged for the accommodation but subject to a cancellation fee, the MAT would not apply.

**Q: What happens with the money collected through the MAT?**

A: 50% of the net revenue from the MAT will go to the municipality. The other 50% of the net revenue will go to a not-for-profit tourism entity