



## INFORMATION BULLETIN – RST 010

# BED & BREAKFAST OPERATIONS

## THE RETAIL SALES TAX ACT

**Issued:** April 2002

**Revised:** May 2023

This bulletin provides information to help Bed & Breakfast (B & B) operators apply retail sales tax (RST) on their sales of lodging, meals and other services.

**Latest Revision:** The revision bar (I) identifies changes to the December 2021 version of this bulletin. For a summary of the changes, refer to the Revision Summary section.

### SECTION 1 – APPLICATION OF TAX ON SALES:

#### RST on B & B packages:

RST applies on the total selling price of the meal and lodging packages provided by B & B operators, except where the operator has fewer than four rooms available for lodging, or where lodging is provided to a person for a continuous period of one month or more.

Where a B & B operation has four or more rooms available for lodging, the operator must collect RST on the total charge for the package. Where a B & B operation has up to three rooms available for lodging, the operator shall not collect RST on the charge for the package.

**Please note:** Where an operator usually has four or more rooms available for lodging for part of a year, and has fewer than four rooms available for lodging for the rest of the year or does not operate for part of the year, he/she must collect RST on all packages sold during the year.

RST applies to the total selling price (including booking and cleaning fees) of all B & B packages made through an online sales platform regardless of how many rooms are available for lodging.

The online sales platform operator is responsible for the proper collection of RST, and is required to collect and remit RST on all taxable sales of B & B packages made through their platforms, regardless of whether the B & B operator is registered as a vendor.

If the RST related to a sale of a B & B package through an online marketplace has been collected and remitted by the online sales platform operator, the B & B operator has no RST-related obligation in respect of that sale.

B & B operators are responsible to collect RST on their taxable lodging sales when an online platform provides classified advertising or listing services, and does not collect payment on behalf of the individual or business.

Refer to Bulletin No. 064 – Streaming Services and Online Platforms for more information.

A “room available for lodging” includes any room in a personal residence, a guesthouse, cabin, mobile home, etc., in which the operator provides a bed(s) or other apparatus for guests to sleep on. For example, if the living room is used to provide sleeping accommodations for guests, it is considered a room available for lodging. However, living rooms, dining rooms, bathrooms, kitchens, and other rooms not used to provide sleeping accommodations for guests do not count as a “room available for lodging.”

Refer to Section 3 for information on requirements for B & B operators to be registered to collect RST.

### **Other taxable sales:**

Where an operator sells taxable goods and services that are not included in the B & B package price, he/she must collect RST on the amount charged for the B & B package and on the additional amount charged for the other goods and services. The following are some examples of other taxable goods and services normally sold by B & B operators:

- Prepared meals and beverages served on the premises;
- Prepared lunches that are consumed away from the premises (e.g., sandwiches and snacks, thermos of coffee, canned drinks);
- Additional charges for extra cots;
- Movies provided in a guest room;
- Laundry services ;
- Sports equipment rental (e.g., skis, canoes, tennis racquets).

**Please note:** Where a B & B package includes a non-taxable item, such as an admission ticket to a special event or sporting facility, the operator must show the charge for the non-taxable items separately from the other taxable items on the sale invoice, for the exemption to be allowed. Otherwise the total charge for the package, including the non-taxable item, is taxable.

## **SECTION 2 – APPLICATION OF TAX ON PURCHASES:**

### **Goods and services purchased for resale:**

B & B operators may purchase the following goods and services tax-exempt by quoting their RST number to their supplier:

- Snack foods, prepared food, sweetened goods, carbonated beverages and other food items purchased for resale (i.e., supplied to the guests as part of the package or sold separately);
- Souvenirs and post cards purchased for resale;
- Disposable items such as serviettes, straws, plastic cutlery, coasters, paper cups, placemats, coffee filters (i.e., that are used only once in providing prepared food);
- Dry cleaning and laundry services purchased for resale (but not for cleaning the linen supplied to guests);
- Sports equipment purchased exclusively for rental to guests.

### **Taxable goods and services purchased for own use:**

B & B operators must pay the RST on their purchase or lease of the following goods and services:

- Building material to construct a guesthouse, office, cabin, etc., includes contract labour to install plumbing, heating, cooling, vacuum, electrical, electronic and telecommunication systems and components [refer to Bulletin 031 – Mechanical and Electrical Trades for more information]. For example, RST applies to the total contract purchase price (including materials and labour) to install electrical wiring, water pipes and fixtures, furnaces and ducting, etc.;
- Kitchen equipment such as stoves, refrigerators, slicers, pots;
- Dining room furnishings, dishes, cutlery, etc.;
- Guest room furnishings, bedding, towels, soap, tissue, stationery and other supplies provided for the guests;
- Office furniture, equipment, stationery and supplies;
- Supplies and equipment for cleaning and maintaining the buildings (including the guest rooms), such as detergents, deodorizers, light bulbs, vacuum cleaners, etc.;
- Laundry services purchased for linens and towels, including those in the guest room;
- Repair, maintenance and installation services of taxable goods such as kitchen equipment or mechanical and electrical systems previously listed;
- Telephone and cable/satellite services purchased for own use or for the use of the guests (including long distance charges);

**Please note:** You are required to pay RST on all telephone long distance charges billed to you by the phone company, including those incurred by guests. However, you do not collect RST on any phone charges you recover from your guests.

**Please note:** Where taxable goods for own use are purchased or leased from a supplier who did not charge RST (e.g., an out-of-province supplier), you must self-assess the applicable RST and remit it to Manitoba Finance when submitting your next return.

## **SECTION 3 – REQUIREMENT TO BE REGISTERED:**

### **Do all B & B operations need to be registered?**

B & B operators are only required to be registered under RST, if they have four or more rooms available for lodging and are required to collect the tax as explained in Section 1.

Operators that sell B & B packages are not required to register if they have three or fewer rooms available for lodging or sell lodging exclusively through online sales platforms that collect and remit RST and are not selling any other taxable goods or services. However, in this case, the operator must pay RST on all goods and services purchased (i.e., including items purchased for resale listed in Section 2).

Application forms for registration are available from the Manitoba Finance office or Web site listed in this bulletin. There is no charge for applying.

### **Collecting tax:**

Operators that are required to collect RST on sales must show the tax separately on the invoice.

Where RST is collectible on a sale, the vendor is deemed to have collected it. Vendors who do not charge the applicable RST as required are nevertheless required to remit it to Manitoba Finance.

### **Remitting the tax:**

Registered vendors are required to remit the RST, which was collectible and/or self-assessed on purchases, to Manitoba Finance on a monthly return or other period authorized by Manitoba Finance. A return will be mailed to you before the date each return is due. Seasonal vendors will receive a return only for the months they operate.

RST collected in US currency must be converted into Canadian currency and remitted to Manitoba Finance.

Where you are required to self-assess RST on your purchases, you must remit it to Manitoba Finance on the laid down cost of the item, which includes the basic purchase price, transportation, currency exchange and other related costs (but not GST).

### **Proper use of the RST number:**

The RST number is assigned by Manitoba Finance. A vendor also quotes his/her RST number to suppliers when purchasing goods and services that he/she is allowed to purchase exempt (e.g., purchased for resale).

**Please note:** An RST number does not permit a person to purchase goods or services without paying the RST if they are for own use, as shown in Section 2.

### **Change of business status:**

An RST number is not transferable. Manitoba Finance must be notified immediately when you change your address or cease to operate.

### **SECTION 4 – REVISION SUMMARY:**

- Updating the references to online sales platforms.

### **FURTHER INFORMATION:**

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to The Retail Sales Tax Act and Regulation. Further information may be obtained from:

Manitoba Finance  
101 - 401 York Avenue  
Winnipeg, Manitoba R3C 0P8  
Telephone: 204-945-5603  
Manitoba Toll-Free: 1-800-782-0318  
Fax: 204-945-0896  
E-mail: [MBTax@gov.mb.ca](mailto:MBTax@gov.mb.ca)  
Web Site: <https://www.manitoba.ca/finance/taxation/>

### **ONLINE SERVICES:**

Our Web site [here](#) provides tax forms and publications about taxes administered by Manitoba Finance, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting Manitoba Finance.

TAXcess, our online service [here](#) provides a simple, secure way to apply for, and to file, pay and view your Manitoba tax accounts.