

THE RETAIL SALES TAX ACT

HUNTING AND FISHING LODGES AND OUTFITTERS

This bulletin outlines the application of retail sales tax (RST) by hunting and fishing lodge operators and by outfitters on the goods and services they provide to customers and on purchases for their own use.

Section 1 - GENERAL INFORMATION

- The following goods and services generally sold by lodge operators and outfitters are subject to RST at 7 per cent of the selling price (for more information, see Section 2):
 - The provision of short-term lodging or other similar accommodation (ex: provided for a period of less than one month)
 - Prepared meals, snack foods, carbonated beverages and other food and beverages that are not sold as grocery items. For detailed information, see Bulletin No. 029 – *Food and Beverages*.
 - All-inclusive hunting and fishing packages (also see Section 3)
 - Liquor and tobacco
 - Miscellaneous rentals and supplies
- The amount of RST collectible must be shown separately on the invoice.
- Hunting and fishing lodge operators or outfitters that provide accommodation services or sell taxable goods must be registered with the Taxation Division to collect and remit RST as discussed in Section 5 of this bulletin.

Section 2 - APPLICATION OF TAX ON SALES

- Accommodation**
- RST applies on the charges (excluding GST) for lodging and other similar accommodations that are provided for a period of less than one month. This includes accommodation provided in a permanent multi-unit structure or in cabins.

Note: Revisions to contents of previous Bulletin (July 2013) have been identified by shading ().

Please note: Where accommodation is provided to a guest for a continuous period of one month or more, the charge for the entire period is RST exempt.

Please note: Effective April 1, 2000, the provisions allowing non-residents of Canada an RST exemption/refund on short-term accommodations were repealed. While the RST must be collected on all short-term accommodation, a GST exemption/refund is currently available to non-residents of Canada in specified circumstances. For details on the GST exemption/refund, contact a Canada Revenue Agency office.

- Providing a tent or other sleeping equipment to a guest is not considered to be a taxable accommodation service.
- Accommodations provided under some timeshare agreements may qualify for the RST exemption provided on lodging let for a continuous period of one month or more. If you offer timeshare lodging, contact the Taxation Division for more information.
- Movie rentals, laundry and other taxable services charged separately on the bill for lodging are also subject to RST. However, the charge for telephone services provided to guests is not taxable. In this case, the lodge operator is considered to be the consumer of the telephone service and must pay RST on the charge from the phone company.

Food and beverages

- The following are some examples of food and beverage sales on which lodge and outfitter operators must collect RST:
 - Prepared meals and beverages served on the premises
 - Prepared lunches that will be consumed away from the lodge, (ex: sandwiches and other snacks, thermos of coffee, canned drinks, milk, etc.)
 - Snack foods sold in gift or confectionery shops, (ex: candy bars, chips, granola bars, sunflower seeds, nuts, ice cream products, cakes, carbonated drinks)
- Food and beverages that are basic grocery items and sold for consumption off the vendor's premises are not subject to tax, (ex: milk, butter, eggs and bread sold in a grocery store are common basic grocery items). To simplify the application of tax for businesses, the items that are basic groceries for GST purposes are also tax exempt for RST purposes. For additional information, see Bulletin No. 029 – *Food and Beverages*.

Liquor and tobacco products

- Wine, spirits, beer, malt liquor and other alcoholic beverages served on the premises or sold for consumption elsewhere are subject to RST. Where alcoholic beverages served are complimentary, the vendor is the purchaser of the beverage and is required to self-assess the RST on its purchase price.

- Lodge and outfitter operators must collect the 7 per cent RST on the selling price of tobacco products and remit it to the Taxation Division. Lodge and outfitter operators should purchase these products RST exempt.

Please note: The RST is collectible on tobacco products in addition to the applicable tobacco tax included in purchases from your supplier.

Other taxable sales

THE FOLLOWING ARE SOME ADDITIONAL EXAMPLES OF TAXABLE ITEMS SOLD BY LODGE OPERATORS AND OUTFITTERS:

- Rental of boats, motors, ATVs, snowmobiles and other camping equipment (without a guide).
- Taxidermy services, except when the mounted article is delivered by the vendor to a location outside Manitoba. When the purchaser takes delivery of the article in Manitoba and claims that he/she will ship it out-of-province, the vendor must collect the RST.
- Fishing and hunting supplies, (ex: tackle, jigs, bait, ammunition, maps, knives, etc.)
- Personal and gift shop items, (ex: adult clothing, razors, souvenirs, photographs, stationery supplies, non-prescription drugs such as Aspirin, etc.)

RST exempt sales

THE FOLLOWING ITEMS GENERALLY SOLD BY LODGE OPERATORS AND OUTFITTERS ARE NOT SUBJECT TO RST:

- The charge for transporting guests to or from a lodge or outpost camp
- Guide services
- Provision of a boat and motor with a guide
- Fish and game cleaning services
- Fishing and hunting licences
- Hunting and fishing books that contain no advertising

Section 3 - ALL INCLUSIVE HUNTING AND FISHING PACKAGES

Package contains taxable items as well as exempt items

- All-inclusive packages sold by hunting and fishing lodge operators and outfitters usually consist of taxable accommodations and meals, as well as exempt guide services and transportation (to and from the lodge). Lodge operators and outfitters must use one of the following methods to collect the RST on the taxable portion of the package, (ex: the accommodations and meals). **In either method, the RST collectible must be shown separately on the invoice.**

Please note: The Act requires vendors to state the RST payable and the sale price of each taxable item separately on the invoice. However, to simplify the application of RST on all-inclusive packages, the Taxation Division allows lodge operators and outfitters to charge a lump-sum for the package and estimate the taxable portion in accordance with Method B (i.e., 50 per cent or 65 per cent, as the case may be).

RST on actual selling price*Method A:*

Where the charges for transportation, lodging, meals and guide services are shown separately on the invoice, lodge operators and outfitters calculate the RST collectible on the actual selling price of each taxable item.

Please note: Lodge operators and outfitters who use this method must be able to show evidence that the amount charged for each item is the fair value (ex: the regular advertised price or value that is reasonable in relation to the entire package selling price). The Taxation Division may audit the records of a vendor, and if the audit reveals that the amount charged for a taxable item was less than fair value, the auditor may reassess the amount of tax payable on the invoice.

Example 1 (actual): A package selling for \$2,300 itemizes, transportation - \$450, guide service - \$700, meals - \$575 accommodation - \$575. The RST collectible is:

$$7\% \times [\$575 \text{ (meals)} + \$575 \text{ (accommodation)}] = \$1,150 = \$80.50.$$

RST on estimated method*Method B:*

Where the invoice for an all-inclusive package does not separate the charges for each taxable item, the lodge operators and outfitters must estimate the taxable portion of the package as follows:

- 50 per cent of the package price is taxable when transportation is included in the package.
- 65 percent of the package price is taxable when transportation is not included in the package.

Example 2 (estimate): Total package price including transportation is \$2,300. The RST collectible and shown on the invoice is:

$$7\% \times (50\% \times \$2,300) = \$1,150 = \$80.50$$

Example 3 (estimate): Total package price excluding transportation is \$1,850. The RST collectible and shown on the invoice is:

$$7\% \times (65\% \times \$1,850) = \$1,202.50 = \$84.18$$

Accommodation is provided by third party

- Where an outfitter purchases accommodations or meals (from a third party) and provides them to a guest in an all-inclusive package, the vendor must collect the RST as described in method A or B above. In this case, the vendor may purchase the accommodations and meals from the third party RST exempt as they are for resale.

Section 4 – TAX APPLICATION ON PURCHASES**Canoes, boats, etc.**

- Lodge operators and outfitters must pay the RST when purchasing recreational equipment, such as aircraft, boats, motors, ATVs, snowmobiles and repair parts/service, used in providing a guide service, transportation for guests or for personal use.

- Where the equipment is purchased and used **solely for rental** to guests (and RST is collected on the rental charge), the lodge operator or outfitter may purchase the equipment and repairs RST exempt.

Please note: When these items are also used occasionally to provide a guide service, transportation for guests or for personal use, the purchase does not qualify as “solely for rental,” and the RST is payable on the full purchase price.

- Where canoes, etc., are used for rental to guests as well as other uses (guide service), the lodge operator or outfitter must pay the RST when purchasing them **and, in addition, collect the RST** on the rental charge.

Other taxable goods and services purchased for own use

LODGE OPERATORS AND OUTFITTERS MUST PAY THE RST ON THEIR PURCHASES OR LEASE OF THE FOLLOWING GOODS:

- Building material to construct lodges, offices, cabins, camps, etc.
Please note: Although labour to construct buildings is not taxable, labour to install plumbing, heating, cooling, vacuum, electrical, electronic and telecommunication systems in buildings and other structures is subject to RST. For additional information see Bulletin 031 – *Mechanical and Electrical Trades*.
- Tents, sleeping bags and other camping, fishing and hunting supplies that are included as part of the charge for a guide service
- Kitchen equipment such as stoves, refrigerators, slicers, pots
- Dining room, bar and lounge furnishings, dishes, cutlery, etc.
- Guest room furnishings, bedding, towels, soap, tissue, stationery and other supplies provided for the guests
- Laundry services purchased for linens and towels, including those in the guest room
- 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.
- Repair, maintenance and installation services of taxable goods such as kitchen equipment, vehicles, air conditioners
- Generators, lighting plants, satellite TV systems, road maintenance equipment, etc.
- Telephone and cable/satellite TV services purchased for own use or for the use of the guests (See Section 2 of this bulletin, where there is a separate charge to the guest for telephone service.)
- Alcoholic beverages served to guests without charge (Also see Section 2 of this bulletin.)

Please note: Where taxable goods for own use are purchased or leased from a supplier who did not charge RST (ex: an out-of-province supplier), the lodge operator or outfitter must self-assess the applicable RST and remit it to the Taxation Division.

Exempt goods and services LODGE OPERATORS AND OUTFITTERS MAY PURCHASE THE FOLLOWING GOODS AND SERVICES TAX-EXEMPT BY QUOTING THEIR RST NUMBER TO THE SUPPLIER:

- Items purchased for resale in the gift shop, souvenir shop, tackle shop, snack bar or grocery store
- Liquor products purchased for resale on or off the premises (The Manitoba Liquor Control Commission may, however, collect a surcharge or handling fee that should not be confused with RST.)
- Dining room, bar and lounge items that are used only once in providing a meal or beverage, such as disposable place mats, coasters, paper dishes, serviettes, straws, plastic cutlery

Section 5 - REQUIREMENT TO BE REGISTERED

Do lodge operators and outfitters need to be registered?

- You are required to be registered as a “vendor” for RST purposes if you
 - Sell prepared meals, lodging or other accommodations separately or as part of a package, or
 - Sell other taxable goods in the gift shop, souvenir shop, etc., or
 - Charge for equipment rentals, or
 - Purchase goods and services from out-of-province suppliers, or other persons, who have not collected the RST that you are required to pay.
- Businesses can apply for an RST registration online at manitoba.ca/TAXcess. Application forms for registration are also available from the Taxation Division offices or Web site listed in this bulletin. There is no charge for applying.

Remitting the tax

- Registered vendors are required to remit the RST, which they have collected and/or self-assessed on purchases, to the Taxation Division on periodic RST returns. For detailed filing and remittance requirements see Bulletin No. 004 - *Information for Vendors*.
- RST collected in \$US currency must be converted into Canadian currency and remitted to the Taxation Division.
- Where you are required to self-assess RST on your purchases, you must remit it to the Taxation Division 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 the Taxation Division. A vendor quotes their RST number to suppliers when purchasing goods and services that they are allowed to purchase exempt (ex: 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 discussed in Section 4.

Collecting tax

- The amount of RST collectible on a sale must be shown separately on the invoice.

- Where RST is collectible on a sale, the vendor is deemed to have collected it. Vendors who do not collect the applicable RST as required are nevertheless required to remit it to the Taxation Division.
- Where a vendor has charged or invoiced a purchaser for RST, he/she must include it with the remittance for that month even if the amount has not yet been collected from the purchaser.

Change of business status

- RST numbers are not transferable. The Taxation Division must be notified immediately when:
 - The name of the business changes.
 - The address or phone number of the business changes.
 - The business ceases to operate.
 - The business is sold.

FURTHER INFORMATION

This bulletin is intended 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:

Winnipeg Office
Manitoba Finance
Taxation Division
101 – 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087

Westman Regional Office
Manitoba Finance
Taxation Division
314, 340 – 9th Street
Brandon Manitoba R7A 6C2
Fax (204) 726-6763

E-mail: MBTax@gov.mb.ca

ONLINE SERVICES

Our Web site at manitoba.ca/finance/taxation provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at manitoba.ca/TAXcess provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.