

AMENDMENTS TO THE TAX ON LODGING SYSTEM AND OTHER CONSEQUENTIAL AMENDMENTS

In order to strengthen and sustain the promotion and development of Québec tourism, the government set up a tourism partnership fund. This fund is financed in part by a tax on lodging that, since April 1, 1997, may be applied to each accommodation unit rented in a sleeping-accommodation establishment located in a Québec tourist region that makes such a request to the government through its regional tourism association.

In addition, since 2001, under the *Act respecting tourist accommodation establishments*,¹ tourist accommodation establishments are required to hold a classification certificate in the form of a written notice and a sign.

However, as of May 1, 2020, the *Regulation respecting tourist accommodation establishments*² creates a new class of establishments, namely “principal residence establishments,” and provides for a simplified classification certificate, for this new class, in the form of a written notice only.

In order to reduce the administrative burden and related compliance costs for all tourist accommodation establishments, the government recently adopted a new framework for tourist accommodation. The *Act respecting tourist accommodation establishments* will therefore be replaced, as of September 1, 2022,³ by the *Tourist Accommodation Act*.⁴ The regulation pertaining to the new Act, the *Tourist Accommodation Regulation*, will also come into force on the same date.

Consequently, changes will be made to the tax on lodging system as well as to the *Taxation Act* and the *Act respecting the Québec sales tax*.

□ Amendments to the tax on lodging system

Currently, the tax on lodging system refers to certain classes of tourist accommodation establishments as set out in the *Regulation respecting tourist accommodation establishments*.

The *Tourist Accommodation Regulation*, which will come into force on September 1, 2022, groups all ten existing classes in the *Regulation respecting tourist accommodation establishments* into three classes.

¹ CQLR, chapter E-14.2.

² CQLR, chapter E-14.2, r. 1.

³ Order in Council 1251-2022 respecting the coming into force of the provisions of the *Tourist Accommodation Act*, (2022) 154 G.O.Q.II, 27 and Order in Council 1252-2022 respecting the *Tourist Accommodation Regulation*, (2022), 154 G.O.Q. II, 27.

⁴ S.Q. 2021, c. 30.

In order to ensure continuity in the application of the tax on lodging, changes will therefore be made to the tax on lodging system so that “prescribed sleeping-accommodation establishments” will now refer to classes of accommodation establishments defined in the new *Tourist Accommodation Regulation*.

Therefore, as of September 1, 2022, prescribed sleeping-accommodation establishments will include the following classes of tourist accommodation establishments: principal residence establishments and general tourist accommodation establishments. For greater clarity, the class “youth tourist accommodation establishments,” as set out in the *Tourist Accommodation Regulation*, will continue to be excluded from prescribed sleeping-accommodation establishments for the purposes of the tax on lodging.

❑ **Consequential amendments to the Québec tax system**

Lastly, given the coming into force on September 1, 2022, of the new framework for tourist accommodation and the replacement of the *Act respecting tourist accommodation establishments* and the *Regulation respecting tourist accommodation establishments*, consequential amendments will be made to the *Taxation Act* and to the *Act respecting the Québec sales tax*, excluding Title IV.2 thereof. These amendments will reflect, among other things, the replacement of the classification certification requirements with obligations to register and to disclose information concerning the accommodation offering for tourist accommodation establishments that constitute a tourist home, a principal residence establishment or a bed and breakfast establishment within the meaning of the regulations enacted under the *Tourist Accommodation Act*.

As with the changes to the tax on lodging system, these consequential amendments will apply as of September 1, 2022.

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