



Municipal Accommodation Tax

Frequently Asked Questions for Accommodation Providers

January 1, 2025

By-law 74/2018 was approved by Thunder Bay City Council to implement a mandatory Municipal Accommodation Tax (MAT), which applies to the purchase of accommodations for a continuous period of less than 30 days. On October 7, 2024, the City of Thunder Bay passed By-law 351/2024, amending By-law 74/2018 to set the Municipal Accommodation Tax rate at 5%, effective January 1, 2025.

What is the Municipal Accommodation Tax?

The Municipal Accommodation Tax, or MAT, is a 5% tax charged on the cost of fixed roof transient accommodations sold for a continuous period of less than 30 days within the boundaries of the City of Thunder Bay.

The tax applies to all accommodation sold for a continuous period of less than 30 days in a hotel, motel, lodge, inn, hostel, bed and breakfast, dwelling unit or any place an accommodation is provided.

When do I start charging the Municipal Accommodation Tax?

The accommodation provider must complete the **Accommodation Establishment Information** form within 30 days of beginning operations and start charging the Municipal Accommodation Tax immediately upon commencement.

Is this a mandatory or voluntary tax?

Mandatory. The Municipal Accommodation Tax must be collected by the accommodation provider at the same time customers are charged for the booking.

What is the authority to charge the Municipal Accommodation Tax?

On August 13, 2018, Thunder Bay City Council passed By-Law, 74/2018 which provides for mandatory collection and remittance of the Municipal Accommodation Tax. The City is authorized per section 400.1 of the Municipal Act, 2001 and Ontario Regulation 435/17 to establish and to collect the tax.

What happens with the money collected through the Municipal Accommodation Tax?

The tax will generate funding to promote tourism within the City of Thunder Bay. 50% of the net revenue from the Municipal Accommodation Tax will go to the Thunder Bay Community Economic Development Commission (CEDC) to support continued tourism growth and development by providing funding through the Tourism Development Fund. The other 50% of the net revenue is retained by the City of Thunder Bay, invested in infrastructure projects and programs that promote tourism and benefit both residents and visitors.

What hotel/accommodation charges are exempt from the Municipal Accommodation Tax?

The Municipal Accommodation Tax is only applied to the total purchase price of your accommodation (i.e. room fee). This may include the cost of cleaning the room to prepare it for the next guest, provided that cost is included in the Purchase Price for the Accommodation and not invoiced separately. It does not apply to amenity fees or service charges including resort fees, meals, room incidentals, valet services or parking. Similarly, to be exempt from the Municipal Accommodation Tax, these amenities and services charges must be separately itemized on the invoice/bill.

Hospitality rooms and meeting rooms that do not contain a bed are not considered accommodations.

Are long-term contracts for room rentals with businesses that exceed 30 days exempt?

Yes, the purchaser, per the By-law, is the person or business who remits money for the room and therefore the Municipal Accommodation Tax would not apply for a contract of 30 days or more.

Invoicing Information

Do I need to show the Municipal Accommodation Tax on the invoice or receipt?

Yes, every bill, receipt, invoice or similar document for the purchase of accommodation must have a separate item identified as “Municipal Accommodation Tax” showing the rate at which the Municipal Accommodation Tax is calculated (5%) and the amount of the Municipal Accommodation Tax charged.

Is the Harmonized Sales Tax (HST) charged on the Municipal Accommodation Tax?

Yes, if the accommodation provider is registered for HST. The accommodation provider is responsible for collecting and remitting the HST on the room charge and on the Municipal Accommodation Tax. HST is remitted directly to the Canada Revenue Agency.

What revenue does the Municipal Accommodation Tax apply to if I charge a fee that includes accommodation and meals (i.e. bed and breakfast)?

It is the responsibility of the accommodation provider to allocate the revenue from the accommodation charge separate from other services, amenities or charges on the invoice and collect and remit the Municipal Accommodation Tax on the accommodation portion of the fees. If the fees are not separately listed on the invoice, the Municipal Accommodation Tax will apply to the entire invoice.

What happens if guests do not show up for their reservation?

The MAT is to be collected and remitted if the accommodation is charged. If the guest is not charged but is required to pay a cancellation fee, the Municipal Accommodation Tax would not apply to the cancellation fee.

Collection and Remittance

What is the purpose of the Accommodation Establishment Information Form?

The Accommodation Establishment Information Form (Schedule A) will be used by the City to set up your establishment name, address and contact information correctly in our accounting system and provide you with a customer ID. This customer ID will then be used to associate your remittances and payments with the proper establishment.

How do I report and remit the Municipal Accommodation Tax that I collected?

Complete the City of Thunder Bay’s Municipal Accommodation Tax Return Form (Schedule B) available at:

www.thunderbay.ca/MAT

See the form for instructions and information about reporting periods, calculations, exemptions and adjustments, payment and submission.

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

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

What if I did not collect any Municipal Accommodation Tax in the reporting period?

If you did not sell any accommodations subject to the Municipal Accommodation Tax and thus no Municipal Accommodation Tax was collected, you will still be required to submit the Municipal Accommodation Tax Return indicating that no Municipal Accommodation Tax was collected in the reporting period.

For information and forms on the Municipal Accommodation Tax, visit:

www.thunderbay.ca/MAT