

Tax and Revenue Administration (TRA)

Tourism Levy

Information Circular TL-1R4

Overview of the Alberta Tourism Levy Program

Last updated: March 2021

This information circular is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and governing legislation, the legislation takes precedence.

The Government of Alberta recognizes that many First Nations people and communities in the province prefer not to describe themselves as Indians or bands. These terms have been used where necessary to reflect their legal meanings in the federal Indian Act.

Overview of the Alberta Tourism Levy Program

Index

- [Introduction](#)
- [Accommodation](#)
 - [Exceptions](#)
 - [Additional Criteria for Work Camps](#)
- [Purchase Price](#)
 - [Accommodation Provided for Non-Monetary or No Consideration](#)
 - [Prepaid Vacation Packages](#)
 - [Reward or Loyalty Point Programs](#)
 - [Other Fees Attributable to Lodging](#)
 - [Meals and Other Charges Not Attributable to Lodging](#)
 - [Deposits](#)
- [Exemptions](#)
 - [Government of Canada](#)
 - [Diplomats and Armed Forces](#)
 - [Other Countries and States](#)
 - [Indians and Bands](#)
- [Contact Information and Useful Links](#)

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Introduction

1. A person who acquires accommodation in Alberta for the person's own use, or for the use of another person, is required to pay a tourism levy at the rate of 4 per cent of the purchase price of the accommodation.
2. The tourism levy is paid at the time of purchase of the accommodation and is collected by, or on behalf of, the person (operator) who sells, offers for sale, or otherwise provides the accommodation.
3. The tourism levy is calculated on the purchase price paid of the accommodation before the application of the federal goods and services tax.

[Back to Index](#)

Accommodation

4. Subject to the exceptions explained below, the term 'accommodation' means lodging that is provided for consideration in various establishments, including a hotel, motel, apartment building, hostel, lodging house, boarding house, bed and breakfast, residential unit (effective April 1, 2021), club or similar establishment in Alberta.
5. For the purposes of the definition of accommodation, a 'residential unit' includes:
 - (a) a house, cottage or another similar dwelling,
 - (b) a duplex or townhouse,
 - (c) an apartment or condominium,
 - (d) a part of a multi-use building that is used for a residential use, and
 - (e) land that is attributable to a building, or part of a building, referred to in any of (a) to (d), above.
6. A residential unit also includes a dwelling such as a mobile home or trailer situated on a residential property.
7. Accommodation also includes:
 - (a) the right to use lodging acquired with the purchase of a 'prepaid vacation package', which means any transaction whereby an operator agrees to sell or otherwise provide accommodation at a future date or dates where the purchaser does not acquire a right to ownership in the respective property, and includes arrangements such as time-share rentals and vacation point systems, and

- (b) lodging that is owned, or operated by, a registered charity (as defined in the federal *Income Tax Act*) that is normally used for lodging in connection with a course of instruction.
8. The tourism levy is also charged on deposits made to secure accommodation, even if the accommodation is later cancelled and the deposit forfeited. Where an operator returns the deposit to the purchaser, no levy is payable.

[Back to Index](#)

Exceptions

9. The tourism levy does not apply to the following types of lodging that are specifically excluded from the definition of accommodation:
- (a) lodging that is occupied by the same individual continuously for a period of 28 days or more,
 - (b) effective April 1, 2021, lodging that is not listed on an online marketplace and for which the purchase price for the unit of lodging is less than \$30 per day, or less than \$210 per week,
 - (c) effective April 1, 2021, lodging that is provided by a person who does not list the lodging on an online marketplace and whose gross revenue from the provision of lodging in Alberta in the previous 12 months was less than \$5,000, and whose gross revenue from the provision of lodging in the next 12 months is reasonably estimated to be less than \$5,000,
 - (d) a room that does not contain a bed, and that is used for displaying merchandise, holding meetings or receptions, or entertaining,
 - (e) lodging that is provided in a social care facility, a nursing home or a hospital,
 - (f) a supportive living accommodation licensed under the *Supportive Living Accommodation Licensing Act*,
 - (g) lodging that is provided by a registered charity as defined in the federal *Income Tax Act* (other than in an establishment owned, or operated, by a registered charity that is normally used for lodging in connection with a course of instruction),

(h) lodging that is provided to an employee by an employer who

- employs the employee, and
- is not in the business of selling lodging,

in a work camp that is owned by the employer or managed by, or on behalf of, the employer, and

(i) lodging that is provided to an independent contractor by a person who

- engages the services of the contractor, and
- is not in the business of selling lodging,

in a work camp that is owned by the person or managed by, or on behalf of, the person.

10. For additional information on the exceptions where the tourism levy does not apply, including the definition of 'online marketplace' and examples of the exclusions set out in paragraphs (a) to (c) of the immediately preceding paragraph, refer to [Information Circular TL-2, Information for Operators and Online Brokers](#).

[Back to Index](#)

Additional Criteria for Work Camps

11. In the case of work camps, in order for the tourism levy to not apply, the lodging must be provided to employees or independent contractors at least 90 per cent of the time or in at least 90 per cent of the work camp's rooms.
12. Occasionally, lodging in a work camp might be provided to hikers, backpackers, or other travellers in the area. The tourism levy applies to the lodging provided in a work camp to all individuals that are not employees of, or independent contractors engaged by, the person who provided the lodging.
13. The tourism levy does not apply to lodging provided in a work camp even if the work camp is managed on behalf of multiple employers or persons engaging the services of independent contractors, provided all other requirements are met.

[Back to Index](#)

Purchase Price

14. Subject to the information provided below, the term 'purchase price' means the consideration that is given for accommodation.

[Back to Index](#)

Accommodation Provided for Non-Monetary or No Consideration

15. If any portion of the consideration given for accommodation is other than money (e.g., a payment-in-kind), the purchase price is the price:
 - (a) of similar accommodation rented (or available for rent) to another person by the operator on the day or days the purchaser occupies the accommodation, or
 - (b) that is, in TRA's opinion, reasonably attributable to the accommodation.
16. Where an operator provides lodging free of charge (complimentary room rental) to a contractor (or subcontractor) performing services for the operator (e.g., trades people or entertainers), the lodging is considered to be provided as partial consideration for the purchase of the service. In such cases, the tourism levy is payable based on the purchase price:
 - (a) of similar lodging rented (or available for rent) to another person by the operator on the day or days the lodging is provided, or
 - (b) that is, in TRA's opinion, attributable to the lodging.
17. The purchase price is nil and the tourism levy does not apply if no consideration is given for lodging. For example, the levy does not apply if a night of lodging is provided free of charge to:
 - (a) a guest who, as part of a promotional package, is entitled to one night free upon the purchase of certain other nights at regular price,
 - (b) a charity or other non-profit organization to be used as a door prize or in a raffle, or
 - (c) a guest subsequent to a complaint.
18. Similarly, the tourism levy does not apply if a night of lodging is provided free of charge to, for example, one of the operator's directors, employees or shareholders, or to a relative of one of those persons. However, in the situation where an employee or other person associated with the operator is merely entitled to purchase accommodation at a particular discount (e.g., at 50% off the purchase price otherwise charged for the accommodation), the purchase price is the net amount (after discount) of the consideration given for the accommodation, and the tourism levy is payable only on that net amount.

[Back to Index](#)

Prepaid Vacation Packages

19. If accommodation acquired is in respect of a prepaid vacation package (as defined in the [‘Accommodation’](#) section), the purchase price includes the consideration that is given for any initial or ongoing maintenance fees in respect of the accommodation.

[Back to Index](#)

Reward or Loyalty Point Programs

20. For transactions involving reward or loyalty point programs, the amount of tourism levy is based on the actual amount received by the operator, as explained below.
21. If a person uses points as full consideration to purchase accommodation, the person is deemed to have purchased the accommodation for a purchase price equal to the monetary compensation received by the operator in respect of the points (e.g., from the operator’s head office, a franchisor, or the reward program administrator, etc.) and the tourism levy is deemed to be included in the portion of that monetary compensation.

For example, if a person uses points as full consideration, for which the operator is reimbursed \$100.00 by the program administrator, the person is deemed to have paid \$3.85 of tourism levy ($\$100.00 \times 4/104$) and the purchase price is deemed to be the net amount of \$96.15 ($\$100.00 - \3.85).

22. If a person uses points as partial consideration to purchase accommodation, as well as monetary or other consideration, the portion of the purchase price and tourism levy in respect of the points are calculated as explained in the immediately preceding paragraph and respective example. However, the portion of the purchase price and tourism levy in respect of the monetary or other consideration is calculated based on the gross amount or value of the monetary or other consideration.

For example, if a person uses points, for which the operator is reimbursed \$100.00, plus pays additional monetary consideration of \$200.00,

- *the purchase price is \$96.15 (as calculated in the example from the immediately preceding paragraph) plus \$200.00, for a total of \$296.15, and*
- *the tourism levy payable is \$3.85 (as calculated in the example from the immediately preceding paragraph) plus \$8.00 ($\$200.00 \times 4\%$), for a total of \$11.85.*

[Back to Index](#)

Other Fees Attributable to Lodging

23. The tourism levy is payable on the following fees, which must be included in the purchase price for accommodation:
- (a) fees for smoking or vaping in non-smoking rooms,
 - (b) fees for the normal cleaning or maintenance of a room,
 - (c) fees to accommodate pets,
 - (d) fees for the addition of physical amenities to the accommodation, such as refrigerators, microwave ovens, and additional beds, and
 - (e) booking, service, administration or similar fees.

[Back to Index](#)

Meals and Other Charges Not Attributable to Lodging

24. The purchase price does not include charges related to meals if the purchase of the meals is optional and the amount paid for the meals (or a reasonable amount based on the meals actually provided) is segregated from the purchase price attributable to the lodging on the invoice or receipt prepared in respect of the meals and accommodation. However, if charges related to meals are combined with the purchase price of accommodation and must be paid by a purchaser whether or not the meals are consumed, the charges related to the meals are considered to be included as a part of the overall purchase price upon which the tourism levy is payable.
25. Also excluded from the purchase price are other charges relating to goods and services that are outside of the normal course of providing accommodation and, therefore, are considered by TRA to be a non-integral part of the lodging acquired by the purchaser. In order for such charges to be excluded from the purchase price, the charges must be segregated from the purchase price attributable to the lodging on the invoice or receipt prepared in respect of the purchase.
26. Examples of other charges that may be excluded from the purchase price include:
- (a) optional charges for extraneous services, such as access to the Internet, in-room entertainment, or parking, provided that the purchaser is given the choice of paying the charge to use the service or not, and
 - (b) charges imposed to reimburse the operator for certain goods or services, such as missing linens or towels, additional cleaning (in excess of the amount of cleaning normally provided), or significant damage sustained to the lodging.

27. The operator is responsible for correctly segregating meals and other charges not attributable to lodging on the invoice or receipt prepared in respect of the purchase. The purchase price includes, and the tourism levy is payable on, all such amounts that are not segregated as required.

[Back to Index](#)

Deposits

28. The purchase price includes, and the tourism levy is payable on, deposits that are paid to an operator by a person desiring to reserve accommodation.
29. If the operator returns the deposit to the person upon the cancellation of the reservation, no tourism levy is payable on the deposit.
30. However, if all or part of the deposit is forfeited and retained by the operator upon the cancellation of the reservation, the person is deemed to have purchased accommodation and the tourism levy is deemed to have been paid on the part of the deposit forfeited and retained by the operator.

For example, if an operator retains a non-refundable deposit of \$100.00 upon the cancellation of a reservation, the person who paid the deposit is deemed to have paid \$3.85 of tourism levy ($\$100.00 \times (4/104)$) and the purchase price is deemed to be the net amount of \$96.15.

[Back to Index](#)

Exemptions

31. Notwithstanding the general requirement to pay the tourism levy on the purchase price of accommodation, certain entities and persons are exempt from paying the levy in certain circumstances if they provide, at the time of purchase, valid evidence of their entitlement to the exemption.

[Back to Index](#)

Government of Canada

32. The Government of Canada, including all departments, certain agencies and crown corporations, is exempt from the payment of the tourism levy if the operator obtains certification that the accommodation is purchased for the use of the Government of Canada.
33. The certification to be provided by the Government of Canada to the operator should be in the following form:

This is to certify that the accommodation purchased is being purchased for the use of [name of department, agency or crown corporation], which is part of the Government of Canada or is a tax-free Government of Canada agency, and therefore is exempt from the Alberta tourism levy.

34. The certification must specifically refer to the purchase order, contract, or invoice relating to the accommodation acquired by the Government of Canada.
35. Accommodation acquired by the Government of Canada without certification is subject to the tourism levy.

[Back to Index](#)

Diplomats and Armed Forces

36. A person specified in the [Diplomatic, Consular and Other Representatives in Canada](#) listing (the Listing), as published by the Government of Canada, or a person with the armed forces of another country stationed in Canada, is exempt from paying the tourism levy if the accommodation is for the use of the person.
37. Accommodation acquired by a person who is not included in the current Listing, or who is unable to provide evidence that they are with the armed forces of another country stationed in Canada, as the case may be, is subject to the tourism levy.

[Back to Index](#)

Other Countries and States

38. A country or state other than Canada, including a political subdivision of that country or state, or an agency or accredited person representing that country, state or political subdivision, is exempt from paying the tourism levy if the operator obtains from the person using the accommodation certification that the accommodation purchased is for the use of the country, state, political subdivision, agency, or accredited person, as the case may be.
39. The certification to be provided by the other country, state, political subdivision, agency, or accredited person should be in the following form:

This is to certify that the accommodation purchased is being purchased for the use of [name of country, state, political subdivision, agency or accredited person], which is not a part of Canada, and therefore is exempt from the Alberta tourism levy.
40. The certification must specifically refer to the purchase order, contract, or invoice relating to the accommodation acquired by the country, state, political subdivision, agency, or accredited person.
41. Accommodation acquired by another country, state, political subdivision, agency, or accredited person without certification is subject to the tourism levy.

[Back to Index](#)

Indians and Bands (as defined in the federal Indian Act)

42. An Indian or band is exempt from the payment of the tourism levy if:
- a) the individual or band presents to the operator at the time of purchase a valid ministerial identification card issued by TRA or a valid Certificate of Indian Status card issued by the Government of Canada,
 - b) the accommodation is provided on a reserve in Alberta, and
 - c) the accommodation is for the use of the individual or band.
43. Accommodation acquired by an individual or band that does not meet the criteria set out in the immediately preceding paragraph is subject to the tourism levy.

[Back to Index](#)

Contact Information and Useful Links

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