**Calculating Taxes on Short Term Vacation Rentals - FAQ**

1. **What fees and charges are PST and MRDT paid on?**

Calculate PST and MRDT on the total purchase price of the accommodation. Total purchase price means the total amount that a guest pays for the right to use the accommodation, including any additional fees charged, such as:

* Administration
* Booking fees
* Housekeeping or cleaning
* Credit card processing
* Extra bed, cot or crib
* Extra linen
* Extra guests
* Pets
* Resort fees

1. **When do I pay the taxes?**

Taxes are due upon arrival of the guests, so the taxes are payable in that taxing time frame. If you get deposits in advance of arrival, do not remit the taxes at that time. (This saves tax adjustments in the case of reservation cancellations)

1. **How is MRDT the same as PST?**

They are both the law. Accommodation providers must collect and remit these taxes to the Ministry of Finance. Failure to participate in either program leaves a business open to audit and fines by the Ministry of Finance.

1. **How is MRDT different than PST?**

The 8% Provincial Sales Tax is part of the Ministry of Finance general funds.

The 3% MRDT is managed by the Ministry of Finance, but the funds (minus an administration fee) are remitted to the local eligible entity.

On Hornby Island, the eligible entity is the Hornby Island Community Economic Enhancement Corporation.

MRDT is an approved program, on a five year term. The program can be cancelled

at the direction of the local community.

PST terms and conditions are managed by the Province.

For more information about the MRDT program on Hornby, visit [www.hiceec.org/mrdt](http://www.hiceec.org/mrdt)

1. **How is MRDT money spent in the community?**

Through stakeholder consultations, and within the terms and conditions of the program, a five year Strategic Plan is developed, and approved by the Minister of Finance. Within that 5 year plan, annual implementation plans are also filed and pre-approved.

F.M.I. Visit <https://hiceec.org/mrdt>

1. **Voluntary contributions**

Not all accommodators of transient visitors are obligated to pay MRDT (3% pillow tax). For instance, camping, glamping and moorage are all exempt from the tax.

In some communities, businesses have initiated a matching funds, through a voluntary program.

- same 3% on the gross value of accommodation as the fixed roof accommodation providers.

- collected at the time client's arrive/pay

- remittance administration could be with monies forwarded to an independent accountant (to protect the privacy of individual businesses), for remittance from the accountant to join the HICEEC administered funds.

- technically voluntarily payments should be at the clients discretion. E.g. “Would you be willing to pay a 3% "Hornby Sustainability Fee", which goes directly to the community for mitigating the costs of tourism?”

In other communities, fixed roof accommodation providers have been lobbying to have camping and glamping become part of the Ministry of Finance accommodation tax program.