**Municipal Accommodation Tax (MAT)**

**Background:**

At its meeting of August 20, 2024, Nipigon Township Council approved By-law 1940, being a by-law to implement a 4% Municipal Accommodation Tax (MAT) effective October 1, 2024 in the Township of Nipigon.

The 4% fee will be applied to accommodations less than 30 consecutive days and includes accommodations at hotels, motels, motor hotels, lodges, inns, resorts, bed and breakfasts or any place an accommodation is provided.

The MAT applies to the accommodation charge and does not apply to other associated charges, such as meals or room incidentals, provided that these amounts are itemized separately on the invoice.

**Forms for Accommodation Providers:**

* [**Accommodation Establishment Information Report**](https://www.nipigon.net/invest-grow/business-resources/municipal-accommodation-tax)
* [**Municipal Accommodation Tax Remittance Report**](https://www.nipigon.net/invest-grow/business-resources/municipal-accommodation-tax)

**Frequently Asked Questions for Accommodation Providers:**

**General Information:**

**Is the MAT mandatory or voluntary?**

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

**When do I start collecting the MAT?**

The MAT must be collected beginning on October 1, 2024.

**What is the authority to charge the MAT?**

The municipality is authorized per section 400.1 of the Municipal Act, 2001 and [**Ontario Regulation 435/17**](https://www.ontario.ca/laws/regulation/170435) to establish and collect the MAT. On August 20, 2024, Nipigon Township Council approved By-law No. 1940, which provides for mandatory collection and remittance of the Municipal Accommodation Tax.

**What happens with the money collected through the MAT?**

The tax will generate funding to promote tourism within the Township of Nipigon. The Township will appoint an eligible non-profit tourism entity to oversee 50% of the MAT funds. The Township will be appointing this entity in the fall of 2024. The remaining funds will be utilized by the towards various tourism initiatives.

**Applicability and Exemptions:**

What accommodation charges are exempt from the MAT?

* Amenity fees and service charges including meals, room incidentals, valet services or parking are exempt if they are separately itemized on the invoice.
* Hospitality rooms and meeting rooms that do not contain a bed.
* Accommodations 30 consecutive days or more.
* Accommodations provided by a university or college that are specific to enrolments counted for the purposes of calculating annual operating grant entitlements from the Crown.
* Accommodations provided by long term care facilities and retirement homes as defined in subsection 2(1) of the Long-Term Care Homes Act, 2007 or the Retirement Homes Act, S.O. 2010, c.11.
* Accommodations provided at tent and trailer sites.
* Accomodations booked and paid for before the passing of By-law no. 1940.

**Is the MAT applicable to guests that do not show up for their reservation?**

If a guest is charged for accommodation, including no-shows, the MAT is to be collected and remitted. If the guest is not charged for the accommodation but is required to pay a cancellation fee, the MAT would not apply to the cancellation fee.

**Can commission paid to a third party who collected the booking be deducted from the room revenue when calculating the MAT?**

No, the revenue to be used to calculate the MAT is the purchase price of the accommodation. Costs incurred to secure or provide the accommodation are not deductible.

**Invoicing Information:**

**Does the MAT need to appear 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 MAT was calculated (4%) and the amount of the MAT 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 MAT. HST on the MAT is remitted directly to the Canada Revenue Agency.

**Is MAT charged for first 29 days and not on 30 days onward for stays greater than 30 days?**

**No, the entire stay is exempt from the MAT.**

**Transition Information:**

**Is the MAT charged if a guest has booked their stay prior to October 1, 2024, when the MAT is implemented?**

If the accommodation was booked and paid for prior to October 1, 2024 the MAT is not applicable.

If the accommodation was booked before October 1, 2024 but paid for on or after October 1, 2024, the MAT is to be charged, collected and remitted.

**If a guest's stay begins prior to October 1, 2024 and ends after October 1, 2024, is the MAT charged when their stay begins?**

The MAT must be charged starting October 1, 2024 only.

The MAT is not applied to any nights prior to October 1, 2024.

**If a guest puts a deposit to hold a room prior to October 1, 2024 for a booking October 1, 2024 or later, does the MAT apply?**

Yes, if the final payment for a room occurs on or after October 1, 2024 the MAT applies to the accommodations rate regardless of any deposits made.

**When are the reports due?**

The report of the MAT collected between:

* January 1st and March 31st, will be due on or before April 30th.
* April 1st and June 30th, will be due on or before July 31st.
* July 1st and September 30th, will be due on or before October 31st.
* October 1st and December 31st, will be due on or before January 31st.

Payment is due within 30 days of the report due date. Payments which are returned will be subject to an NSF charge in accordance with the Township's User Fee By-law.

[**Click here for your MAT Remittance Report form.**](https://www.nipigon.net/invest-grow/business-resources/municipal-accommodation-tax)

**Is there a penalty fee for a late remittance?**

Any late or incomplete remittances will be charged an interest rate of 1.25% per month in accordance with the Town's User Fee By-law.

**Does a MAT Report Form need to be submitted if no MAT was collected?**

Yes, you will be required to submit the MAT Report Form for the period indicating that no MAT was collected, as well as details of exemptions.

**Will the Township have an audit process to verify month remittance reports from the Providers?**

The Township and/or its agent has the authority to inspect and audit all books, documents (such as financial statements), transactions and accounts of the accommodation providers. Accommodation providers must keep books of account, records and all documents related to the sale of accommodations, amount of the Municipal Accommodation Tax collected and remitted to the Township for a period of seven years.

**Are indigenous peoples exempt from paying MAT?**

No, indigenous peoples are not exempt from paying the MAT.

**Questions?**

Please email info@nipigon.net or call 807-887-3135 for assistance.