



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

Fostering Fair Competition in Canada with Budget 2019

Canada's Hotel Industry Applauds the House of Commons Standing Committee on Finance's Pre-Budget Consultations Report

(December 20th, 2018) Ottawa – Today, the Hotel Association of Canada (HAC) called on the federal government to follow through on the Standing Committee on Finance's Pre-Budget Consultations Report. The Committee recommends real actions focused on tax fairness and tax avoidance, which would help address the existing inequities currently enjoyed by foreign digital players.

"Online short-term rental platforms operating in Canada like Airbnb, do not currently collect or remit GST/HST, pay no corporate income tax to the Canadian government, and make it far too easy for those renting rooms on their platforms to inadvertently do the same," said Alana Baker, HAC's Director of Government Relations. "Corporations that operate in Canada through a digital presence should be obliged to pay corporate income tax on their Canadian profits like any other brick-and-mortar corporation operating in Canada."

Over the last two years, the commercial side of Airbnb's business – those renting multi-unit entire homes – grew by 108%. Entire home rentals as a whole, including multi-listing hosts, generated 83% of Airbnb's revenues.

Earlier this month, HAC was pleased to see that the Finance Committee's Pre-Budget Consultations Report included several recommendations that are aimed at levelling the playing field in regards to tax fairness. "Online short-term rental platforms should have the same taxation responsibilities as all other Canadian businesses," Baker said. "With this report, the Government of Canada is on the right path to creating a fair, competitive environment for all businesses operating in Canada."

Most notably, Recommendation 21 strengthens the *Income Tax Act* to address abusive tax avoidance and compel disclosure, which is a step in the right direction. Short-term rental platform companies should be required to issue an annual information slip on gross earnings to hosts, with a copy sent to the Canada Revenue Agency. An industry-wide reporting requirement would not only be an effective and inexpensive tool to achieve voluntary tax compliance, it would also simplify the accounting for hosts.

The Finance Committee's report also shows a commitment to addressing labour shortages, as well as the Canadian tourism industry as a whole. Recommendations 38, 39, and 44's promotion of tourism careers and training, particularly in under-represented labour pools will help further create long-term, sustainable jobs for Canadians.

Governments have a responsibility to ensure fairness in their laws, policies, and regulations. “Budget 2019 will hopefully follow through on these recommendations and foster a fair, competitive playing field for all,” Baker concluded. “On behalf of all HAC members, we wish Canadians a safe and happy holiday season.”

-30-

*The **Hotel Association of Canada** is the leading voice of the Canadian hotel and lodging industry. For over 100 years, it has worked to enhance the prosperity of the industry through strong member engagement, effective advocacy, and the provision of value-added programs and services. The Hotel Association represents more than 8,200 hotels, motels and resorts that encompass the \$20.8 billion Canadian hotel industry which employs 306,600 people across Canada.*

For more information or to schedule an interview, please contact:

Rita Rahmati, Public Affairs Coordinator

Tel: 613 233-8906 x. 228

Email: rita@impactcanada.com