

FAIR RULES NEEDED FOR THE SHORT-TERM RENTAL INDUSTRY

Short-term rental operations like those provided by digital platforms like Airbnb continue to grow, while our laws and regulations remain outdated. Commercial operators – those renting multiple units or entire homes on digital platforms – are acting like hotels without the same responsibilities to taxation, health and safety standards, business licenses, and insurance. These digital platforms currently exploit a pre-digital loophole in tax policy, in which they are exempt as they do not have any stores or offices here. All businesses operating in Canada, regardless if they have a physical presence or not, should operate on a level playing field.

While Airbnb was meant to be a home sharing platform for everyday people to share rooms within their homes, it is now a multibillion-dollar corporation that has no responsibilities to federal taxation and other regulatory realities. While hotels pay taxes to reinvest in and strengthen our communities, digital platforms like Airbnb reap the benefits of our communities without paying their fair share.

In May 2019, the Auditor General of Canada recommended the Canada Revenue Agency expand its compliance activities and leverage available third-party data to enhance its ability to direct and deter non-compliance for the GST/HST in e-commerce, including accommodation sharing.

Canadians agree that it's only fair that foreign e-commerce companies that conduct business here have the same tax obligations as Canadian companies. An [EnviroNics Research poll](#) and separate [study](#) of Canada Revenue Agency (CRA) tax professionals revealed that almost 8-in-10 Canadians (77%) and almost 9-in-10 (87%) CRA tax professionals are in agreement that foreign e-commerce companies should be subject to Canadian taxes for business carried out in Canada. With the Federal Election upon us, it is time political candidates and parties commit to modernizing Canada's tax laws.

Learn more: www.votefairrules.ca

OUR ASKS

There are a number of actions the federal government should take to create a level playing field and ensure digital businesses contribute their fair share to the Canadian economy.

OUR ASK #1

Ensure all corporations that operate in Canada through a digital presence pay corporate income tax on Canadian earnings.

OUR ASK #2

Amend the Excise Tax Act to:

- a) Require short-term rental platform companies operating in Canada to charge GST/HST to hosts and guests on all fees.
- b) Eliminate the use of the small-supplier threshold for short-term rental accommodations, paralleling the treatment for ride-sharing.

OUR ASK #3

Amend the Income Tax Act to require short-term rental platform companies to issue an annual information slip on gross earnings to hosts.

OUR ASK #4

Develop and implement an information and enforcement program through the Canada Revenue Agency to encourage voluntary compliance for the short-term rental industry.

OUR ASK #5:

Apply HAC's best practices guidelines for regulating short-term rentals based on a worldwide analysis of regulatory developments and approaches.

TALKING POINTS:

1. We are calling on the federal government to modernize their tax laws and take action to address tax avoidance in the digital economy. Other jurisdictions around the world, including the European Union, Australia, Singapore, Japan and Norway, have modernized their tax laws and Canada should follow suit.
2. A study released from the Hotel Association of Canada shows that commercial operators are growing exponentially and are far outpacing actual home sharing activity. In fact, only 17% of Airbnb's revenues in Canada come from true home-sharing, while 83% of Airbnb's revenues come from entire home rentals where the owner is not present.
3. This growth in commercial operations is concerning. Multi-unit hosts account for over 30% of all revenue generated on Airbnb in Canada.
4. Multiple entire-home units are the fastest growing Airbnb segment in terms of the number of hosts, the number of units, and revenues generated in the past two years. This demonstrates that almost one-third of Airbnb's revenue is generated through actively managed businesses – ones that do not resemble the original concept of home-sharing.

5. Today, the short-term rental industry operates with limited regulation. Online platforms are being used to operate commercial accommodation businesses, resulting in unintended consequences including lost taxes, less housing, community nuisances and even criminal activity.
6. The short-term rental industry should not be exempt from the rules and regulations designed to build successful communities and keep travellers safe. These standards are in place for a reason.
7. Short-term rental platform companies have said they are willing and able to work within a reasonably regulated environment, but they will not volunteer to do so. Governments have a responsibility to set fair, sensible rules for all accommodation providers and enforce them.
8. The hotel industry is committed to working alongside governments in Canada to develop a fair, sensible and practical approach to the short-term rental industry that acknowledges the difference between true home sharing and a commercial operation. Getting this balance right will protect communities and ensure that visitors continue to experience a safe and enjoyable stay.