

Policy Title: Municipal Accommodation Tax

Policy Number: 04-02-06

Section: Finance and Accounting

Subsection: Taxes

Effective Date: November 10, 2021

Last Review Date: [Last Review]

Approved by:

Owner Division/Contact:

Council

**Revenue & Taxation Section, Finance
Division, Corporate Services Department**

Policy Statement

The City of Mississauga will impose and collect a Municipal Accommodation Tax, payable on applicable Accommodation Providers, in order to fund tourism-related initiatives and infrastructure.

Purpose

This policy outlines:

- Criteria for application of the Municipal Accommodation Tax
- Administration of the tax, including collection procedures, and
- Roles and responsibilities of staff

Scope

This policy applies to short-term stays, i.e. a period of 30 consecutive days or less, as defined in the City’s Municipal Accommodation Tax By-Law 0023-2018, as amended, including rooms that have been paid for but not used.

Legislative Authority

This policy complies with Section 400.1 of the *Municipal Act, 2001*, Ontario Regulation 435/17 – Transient Accommodation Tax and the City’s Municipal Accommodation Tax By-law 0023-2018 (the “By-law”), all as amended.

Definitions

For the purposes of this policy:

“Accommodation” means lodging, and the right to use lodging, that is provided for consideration, whether or not the lodging is actually used. Accommodation includes a hotel, motel, motor hotel, lodge, inn, bed and breakfast, dwelling unit or any place in which Accommodation is provided.

“Cancellation” means the deletion of an invoice due to an administrative error.

“City” means the Corporation of the City of Mississauga.

“Commissioner” means the Commissioner of Corporate Services, Chief Financial Officer and Deputy Treasurer and includes any person who has been authorized, in writing, to temporarily act during absence or vacancy in that office.

“Delinquent” means unpaid after 30 days from the due date (the last calendar day of each month for tax collected in the previous month).

“Late Payment Charges” means penalties and interest applied by the City to unpaid Municipal Accommodation Tax accounts, in accordance with the City’s Municipal Accommodation Tax By-law 0023-2018.

“Limitation Period” means the time period set in legislation from the day an amount becomes payable to the City and the date by which any collection action can be taken. Action may be commenced at any time before the sixth anniversary of the day on which those amounts first became due and payable to the City, providing that the City made a written demand for payment within four years of the amount becoming due.

“Municipal Accommodation Tax” (“MAT”) means the tax imposed under By-law 0023-2018, as amended, a by-law to Impose Municipal Accommodation Tax on the purchase of transient accommodation in the City of Mississauga.

“Net Revenue” means the gross Municipal Accommodation Tax collected, less the costs incurred to collect the revenue.

“Provider” means a person or an entity that sells, offers for sale, or otherwise provides Accommodation, and includes agents, hosts or others who sell, offers for sale or otherwise provides Accommodation.

“Tourism Mississauga” means the non-profit entity whose mandate includes the promotion of tourism in Mississauga.

“Write-off” means the cessation of active collection.

Administration

This policy is administered by the Revenue & Taxation Section, Finance Division, Corporate Services Department.

Late Payment Charges

A penalty at a rate established by the By-law is added to the unpaid amount of a MAT account if it is not received when due i.e. the last calendar day of the month following collection. This penalty is based on the full occupancy of the establishment, unless the actual amount of the MAT owing is determined, and will be applicable accordingly. In addition, as long as the MAT

remains unpaid, interest at a rate established in accordance with the By-law is added on the first day of each month thereafter.

Returned Payment Fee

Pursuant to the Fees & Charges By-Law, payments that are returned by a financial institution as non-negotiable are assessed a returned payment fee.

Accountability

Commissioner, Corporate Service

The Commissioner is accountable for:

- Authorizing Write-offs in accordance with this policy, and
- Reporting Write-offs to Council in accordance with this policy

Director, Finance

The Director, Finance, is accountable for:

- Ensuring all applicable managers/supervisors are aware of this policy and of any subsequent revisions
- Ensuring compliance with this policy, including collection of Delinquent Municipal Accommodation Tax
- Authorizing Write-offs and Cancellations in accordance with this policy, and
- Providing quarterly reports to the Commissioner, in accordance with this policy

Manager, Revenue & Taxation

The Manager, Revenue & Taxation is accountable for:

- Ensuring applicable staff are aware of and trained on this policy and any related protocols, as well as any subsequent revisions
- Ensuring staff comply with this policy and follow any related protocols
- Ensuring this policy remains consistent with current legislation, and
- Ensuring documentation of all transactions is maintained

Collections Unit, Revenue & Taxation

The Collections Unit is accountable for:

- Ensuring Providers are remitting in a timely manner as outlined in the By-Law, as amended
- Ensuring funds are assigned to the correct cost centre
- Following up on any Delinquent accounts and applying the Late Payment Charge, where applicable
- Undertaking collection activity for overdue accounts, in accordance with this policy
- Requesting detailed information from Providers, in accordance with the By-law, and
- Maintaining an Accommodation inventory, including reviewing Provider listings in MPAC, on a quarterly basis

Process

The Municipal Accommodation Tax is in addition to any other accommodation tax and is calculated on the purchase price, per night, before the HST, exclusive of services that are separately itemized on the invoice, such as valet parking and laundry services. The following process will apply to remittance of the MAT:

- Providers will collect the tax from the purchaser and complete a Municipal Accommodation Tax Return Form provided by the City
- The Municipal Accommodation Tax Return Form will be remitted directly to the Revenue & Taxation Section, Finance Division, on or before the last calendar day of the month following collection (e.g. June 1-30 reporting period is due July 31), even if no tax was collected
- Remittances received will be processed within rounding of a dollar
- Providers will be notified of overpayments and these will be applied as credits to future remittances; refunds will not be processed
- Adjustment to a previous remittance initiated by the Provider will be allowed within 12 months of the remittance and will be processed as a credit towards a future remittance, based on satisfactory documentation
- In accordance with Ontario Regulation 435/17 – Transient Accommodation Tax, a percentage of the tax collected is paid to Tourism Mississauga, no later than 60 days after the end of the fiscal year it was collected, and shall be used exclusively to promote tourism in Mississauga, and
- The Net Revenue of MAT will be split 50/50 between Tourism Mississauga Reserve (account # 30162) and the City's portion of the funds will be transferred into the MAT - Tourism Projects Reserve Fund (account #35591). Recommendations for use of the funds will be brought to Council annually through the Budget and Business Planning process

Audit Process

- Providers must remit an annual list of room types and pricing for the current year to the City by April 1
- Providers must keep books of account, records, documents and all necessary specifics pertaining to the sale of accommodations
- The City or its agent may inspect and audit all such information, and
- The City will engage with an external auditor to perform annual audits

Note: Penalties, interest and/or fines may be imposed for failure to comply with the requirements of the By-law.

Collection of Delinquent Accounts

Collections staff will use the following methods to collect on Delinquent accounts. All collection steps taken will be fully documented.

- Contact the Provider to determine the cause of the delinquency and to formulate a plan of action for payment

- Contact the Provider for Delinquent MAT remittance 30 days after the MAT became Delinquent
- Send the Provider notification of any Delinquent accounts in the form of overdue notices 60 days after the MAT became Delinquent .A penalty will be added to the property tax roll in accordance with the By-law, and
- A final notice will be issued 90 days after the MAT became Delinquent of non-remittance and an interest charge will be added on the first of every month thereafter until MAT is remitted

The following additional steps will be taken on accounts that remain Delinquent based on the most effective collection method:

- After 120 days, By-Law Enforcement to initiate contact with Provider
- After 150 days, By-Law Enforcement to issue tickets/Notice of Contravention (NOC)
- After 180 days, all outstanding charges added to the tax roll will be pursued further, as per the Corporate Policy and Procedures - Collection of Outstanding Property Taxes, which could include third party collection agencies and/or tax sale proceedings, or
- Forwarded to the Legal Services Division, City Manager's Department, within the Limitation Period to review for a court action, pursuant to subsection 400.4(3) of the *Municipal Act, 2001*

Write-off of Uncollectible Accounts

Only when the City has exhausted all reasonable collection methods will a Delinquent account be recommended for Write-off. Revenue & Taxation staff will complete an annual Write-off Report summarizing the Delinquent MAT accounts that have been identified for Write-off, which will be reviewed and approved by the Director, Finance.

The Director, Finance may authorize the Write-off of the unpaid balance of a Municipal Accommodation Tax account, including interest, if the amount owing is \$50.00 or less.

The Commissioner is authorized to write off all uncollectible MAT accounts of \$25,000 and under on the recommendation of the Director, Finance. The Commissioner will report annually, through the Year End Report on Operating Financial Results, the total dollar amount of all individual MAT accounts of \$25,000 and under that are written off.

The Commissioner will obtain Council approval on an annual basis to write off uncollectible accounts over \$25,000.

Note: 50% of all approved Write-offs will be charged back to Tourism Mississauga.

Reporting

The Manager, Revenue & Taxation will maintain monthly reports and provide them to the Director, Finance on a quarterly basis.

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The Director, Finance, will provide the Commissioner with quarterly MAT reports, including revenue and Delinquent accounts, and, on an annual basis, any amounts recommended for Write-off.

Records Retention

Records will be retained for the period specified in the City of Mississauga's Records Retention By-law 0097-2017, as amended.

Revision History

Reference	Description
GC-0548-2021 - 2021 11 10	Click here to enter text.