

To: Kyle Freeborn, Treasurer/Director Corporate Services, Town of Niagara on the Lake

Subject: Niagara-on-the-Lake MAT Bylaw: STR implementation Input

STAY Niagara on the Lake (the NOTL B&B Association) would like to provide the following input and recommendations to facilitate the smooth and equitable implementation of the MAT for STRs with less than 5 rooms.

Summary of Areas of Concern:

1. Technological issues: our members do not use one standard reservation system (or room management system). There are likely 10 or more systems in use. Some of these systems allow for the easy implementation of the MAT, but others do not. In addition, most STR owners make use of Online Travel Agencies (OTAs) such as Booking.com in addition to their reservation system. Some of these systems can easily accommodate MAT but others cannot or require modification. And the OTAs and reservation systems used by an STR owner must be able to work together. Overall, there are significant technology challenges. Note that the technology issues are complicated by the requirement to charge HST on top of MAT. There are actions the Town can take to reduce the technology-related pain of MAT implementation.
2. STR Owner MAT Administration: MAT management, calculation and remittance requires manual effort on the part of STR owners above and beyond current activities. There are accommodations that the Town can make to minimize the effort required.
3. Guest impact: Many guests book up to a year in advance. Those who have booked already or who book before the STR is able to implement its technology solution will have been quoted a price that does not include the MAT. Going back to these clients with a new, higher quote looks bad on both the STR and the Town.
4. Bylaw status: It is our understanding that the MAT Bylaw has not yet been formally approved. This is a problem where our technology providers need to see the official bylaw before making changes to their systems.

Recommendations:

Key MAT bylaw additions/modifications to facilitate the implementation and future collection of the MAT on all Short-Term Rentals:

1. **Officially allow STRs to charge an “equivalent MAT fee” (pre-HST).**

Where it is not practical to have the STR’s technology solution calculate the MAT correctly, allow the STR to charge an “equivalent MAT fee”. This simple clarification will ease the MAT implementation across the different reservation systems and online travel agencies typically used by the STR community.

2. **If not already charging MAT in 2023 (5 bedrooms or more properties), make pre-existing contracts on reservations created prior to January 1st 2024 exempt.**

This item keeps the same logic used on previous stages of the MAT implementation. Pre-existing reservations and contract must be honored as is. This is a best practice / customer service and satisfaction issue. Also, most importantly, to add a new tax to a pre-existing contract would project a negative image of NOTL as a destination.

3. **A new official municipal assumption that, in the absence of a MAT line item (whether a MAT Tax or fee) visible on the contract of a reservation made on or after January 1st 2024, the MAT has been included in the nightly room rate, and therefore still needs to be remitted to the municipality by the property.**

This item creates a leveled plane field across all STRs. Based on the MAT implementation experiences of other municipalities in Ontario (round table discussions/exchanges within TIAO MAT group), collection compliance challenges arise when MAT is simply “not being charged” to the guests to begin with by the property owners. “The municipality can’t collect a tax that was never charged”. A high level officialized assumption in our own bylaw that the MAT is included in the nightly room rate if not visible as a proper line item when the reservation is being made should both make collection compliance easier from a town’s perspective and, at the same time, effectively give this option to property owners facing technological implementation issues.

Best practice related to a “MAT included in Nightly Rate” model would probably be to have a “written display” of the MAT amount paid on the post payment receipt given/emailed to the guests as an official record.

4. **Our Municipal MAT Bylaw must be officially modified accordingly by November 1st at the latest, a copy transferred to the different Online Travel Agencies directly from the town AND also emailed to all STRs.**

Some OTAs require access to official municipal documentation confirming the MAT implementation and requirements before allowing property owners to set MAT up in their system. A two month set up period prior to January 1st 2024 is a bare minimum.

Thank you for your consideration of these inputs and recommendations.

Regards,

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