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How Does GST/HST Apply to Airbnb?

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Airbnb can be a great platform to generate more revenue from your place of residence. However, there are some GST/HST implications to consider.

The leasing of a residential unit, whether it is a house, a condominium unit or an apartment, is only exempt from GST/HST in either one of two cases:

- Where the residential unit is located in a residential complex and is leased for a continuous period of at least one month to the same individual, or
- Where the daily fee to occupy the unit does not exceed \$20

Given that Airbnb caters to short-term stays (less than one month), it is reasonable to expect that any income earned from the rental of residential units through Airbnb (or similar platforms) would be taxable for GST/HST purposes, unless the daily rate does not exceed \$20.

The requirement to charge the GST/HST on the rental of the units is generally the responsibility of the owner of the unit. Unless the owner qualifies as a “small supplier” for

GST/HST purposes, meaning, the owner makes less than \$30,000 of GST/HST taxable revenues annually, the owner will be required to register and start charging the GST/HST on the lease of the unit.

It is also relevant to note that the exemption based on the minimum one-month continuous occupancy period only applies if the residential unit is either a residential complex or a unit located in a residential complex. The definition of “residential complex” for GST/HST purposes explicitly excludes a building, or that part of a building that is a hotel, a motel, an inn, a boarding house, a lodging house or other similar premises that is not owned by an individual and used primarily as a place of residence of the individual--if all or almost all (90%) of the leases in that building or part of the building provides, or are expected to provide, for periods of continuous possession or use of less than 60 days.

As a result, it is conceivable that a building that looks like a house or a residential unit does not qualify as a residential complex and would be treated instead like a hotel with all the potential GST/HST implications including the possible application of change of use rules and self-assessment of tax.

For more information, please contact our Indirect Tax practice lead – Frédéric Pansieri.

This article has been prepared for the general information of our clients. Specific professional advice should be obtained prior to the implementation of any suggestion contained in this article. Please note that this publication should not be considered a substitute for personalized tax advice related to your particular situation.

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