

Attachment 3

Key Terms of Collection Agreement between the City of Toronto and Short-Term Rental Company

General:

- For the purpose of this agreement, a Short-Term Rental (STR) Company is any person in the business of facilitating or brokering bookings for short-term rentals via the internet and who:
 - i. receives payment, compensation or any other financial benefit as a result of a person making or completing bookings of those short-term rentals;
 - ii. collects, accesses, or hold information on the number of nights that bookings of those short-term rentals are made or completed;
 - iii. accepts payment for bookings for short-term rentals; and
 - iv. is licensed by the City under the Short Term Rental By-law to be enacted in accordance with Council's decision on LS23.1, titled 'Licensing and Registration Regulations for Short-Term Rentals' on December 5-7, 2017.
- The Municipal Accommodation Tax ("MAT") comprises two components: a sales tax on hotel accommodation ("MAT-Hotel"), and a sales tax on short-term rentals ("MAT-STR"). This document refers to the Short-Term Rental Tax component of the MAT, i.e. MAT-STR.

Collection:

The STR Company agrees to:

- collect the MAT-STR through its booking platform at the same time it collects payment of the accommodation fees.
- identify the MAT-STR as a separate item entitled "Municipal Accommodation Tax"
- remit the MAT-STR on behalf of the operators to the City of Toronto.
- notify short-term rental operators and guests of the MAT-STR requirements imposed by City by-law.

Effective Date:

- The Effective Date for MAT-STR is the date the on which the Short-Term Rental By-Law comes into force, expected to be June 1, 2018 or later. The effective date of any collection agreements for the MAT-STR would be the same date.

Term:

- The agreement shall be in effect unless terminated by either party.

- Either party can terminate the agreement upon a 180-day prior written notice. If an agreement is terminated, the City will go back to requiring remittance of the MAT-STR from STR operators in accordance with the By-law.

Remittance and Reporting:

- The STR Company will remit to the City the MAT-STR that have been collected, on a monthly basis within 30 days of the end of each calendar month for the prior month, or at such other intervals as determined by the City's CFO.
- The STR Company will report to the City the aggregate tax revenues collected each month on a tax return form prescribed by the City indicating the number of taxable stays, the number of rooms rented for taxable occupancy, the average daily rate, the total room charges for each month, adjustments, exemptions and refunds, the total MAT-STR collected and remitted, and any other details relating to the amount of tax due as may be determined by the Chief Financial Officer ("CFO").

STR Company Liability:

- The STR Company agrees to assume liability for its failure to report, collect and/or remit the correct amount of the MAT-STR, and the City shall impose such penalties for such failure as the CFO may determine.

Audit:

- The STR Company agrees to retain all records and documents necessary to enable an accurate determination of the STR Tax for three years, and the City will have a right to audit the STR Company.