

# City of Mississauga Corporate Report



10.1

Date: September 28, 2021

To: Chair and Members of General Committee

From: Shari Lichterman, CPA, CMA, Commissioner of  
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:  
November 3, 2021

## Subject

### Municipal Accommodation Tax (MAT) Policy

## Recommendation

That the Corporate Policy titled "Municipal Accommodation Tax (MAT)", attached as Appendix 1 to the Corporate Report dated September 28, 2021 from the Commissioner of Corporate Services and Chief Financial Officer titled "Corporate Policy – Municipal Accommodation Tax (MAT)" be approved.

## Executive Summary

- The City of Mississauga introduced the collection of a Municipal Accommodation Tax (MAT) in 2018 through by-law 0023-2018.
- This policy establishes the criteria for administration, application of MAT, roles and responsibilities of staff. It is being brought forward to formalize the processes that the City has, for the most part, been following since MAT implementation.
- The policy also outlines collection procedures for defaulted remittance by accommodation providers and recommends write-off after all collection methods are exhausted based on authorization levels. In an effort to continue to support the recovery of this industry, implementation of the collection activities and audit process outlined in this Policy will begin in 2022.
- The Collection unit will maintain revenue and delinquent accounts reporting to the Manager, Revenue and Taxation, Director, Finance and Commissioner, Corporate Services & CFO respectively.
- A yearly audit will be conducted by an external agent and staff will ensure any findings of non-compliance are addressed.

## Background

The City of Mississauga imposes and collects a MAT, payable by applicable Accommodation Providers, in order to fund tourism-related initiatives and infrastructure. Council approved By-Law 0023-2018 based on Section 400.1 of the *Municipal Act* imposing a tax in respect of the purchase of transient accommodation. The City does not currently have a Corporate Policy for the collection of the MAT. The Collections Unit, Revenue and Taxation administer the program, collections and write-offs.

## Comments

The City of Mississauga imposed the MAT in the amount of 4% of the purchase price of an accommodation that is purchased for 30 consecutive days or less excluding exemptions. The accommodation providers are responsible to collect and self remit this tax from their customers. The collected tax is required to be reported and remitted to the City on a monthly basis. As legislated, fifty percent of MAT funds received are committed to Tourism Mississauga, the City's Destination Marketing Organization. The remaining fifty percent of funds are permitted by the legislation to be used at the City's discretion.

The Draft Corporate Policy - Municipal Accommodation Tax attached as Appendix 1 formalizes the process for the collection, actions for non-compliance and write-off of MAT and defines the roles and responsibilities for staff. The draft policy was presented to the Leadership Team on September 23, 2021 and received full endorsement.

MAT revenue is reported on a monthly basis to the Manager, Revenue and Taxation, Director, Finance and on a quarterly basis to the Commissioner, Corporate Services.

On a yearly basis, the City will engage an external auditor to perform annual audits on a one-third sample of the accommodation providers allowing all providers to be audited within a three-year cycle. The audits will ensure the monthly information and remittances are being submitted accurately and in accordance with the by-law. The external agent will provide a report of their findings to the City. Any outlined deficiencies will be addressed with the accommodation providers to ensure compliance of By-Law requirements.

The Collections unit monitors the monthly remittance of MAT and will notify accommodation providers when remittances are not received. This includes remittance of the MAT form indicating no MAT revenue was collected. As per the By-law, defaulted remittance is subject to a one-time penalty charge added to the tax roll, monthly interest charge on the first of the month until the delinquent amount is paid, issuance of *Provincial Offences Act* (POA) fines and/or civil action. This Policy outlines the collection activities for defaulted remittances including the involvement of the By-Law Enforcement section and Legal Services to determine the issuance of POA fines and civil enforcement. The Collections unit will review MAT accounts and recommend write-off only when all reasonable collection efforts have been exhausted.

Through Council approval of this policy, the Director, Finance is authorized to write-off on a monthly basis the unpaid balance of outstanding MAT if the amount owing is \$55.00 or less by an individual accommodation provider. The Commissioner, Corporate Services is authorized to write off all individual uncollectible MAT of \$25,000 or less. The total amount written off will be reported to Council annually, through the Year End Report on Operating Financial Results. The Commissioner will obtain Council approval to write off individual uncollectible MAT over \$25,000.

#### MAT Collection during COVID

As previously reported MAT revenue has been significantly impacted by the COVID pandemic. Council provided assistance in 2020 with the deferral of MAT remittances. The table below shows the MAT remittances for 2019, 2020 and 2021 to date. The revenue is indicative of the slow recovery occurring for this industry. Staff in the Collections Unit are following up with the Hoteliers for any MAT remittances not received on a monthly basis; further collection activities have not yet been taken. In an effort to continue to support the recovery of this industry, implementation of the collection activities and audit process outlined in this Policy will begin in 2022.

Total MAT			
	2021	2020	2019
January	\$ 206,260.19	\$ 880,464.81	\$ 879,321.59
February	\$ 227,097.58	\$ 837,075.90	\$ 890,539.44
March	\$ 549,784.40	\$ 531,119.72	\$ 1,033,904.48
April	\$ 507,865.51	\$ 98,662.61	\$ 968,101.37
May	\$ 395,811.02	\$ 130,617.47	\$ 1,042,638.95
June	\$ 472,511.55	\$ 184,105.38	\$ 1,182,917.35
July	\$ 386,401.58	\$ 187,569.99	\$ 1,025,408.29
August	\$ -	\$ 227,587.03	\$ 1,102,826.31
September	\$ -	\$ 319,404.05	\$ 1,185,305.31
October	\$ -	\$ 201,847.62	\$ 1,031,374.96
November	\$ -	\$ 189,847.94	\$ 917,009.17
December	\$ -	\$ 226,898.24	\$ 835,319.96
<b>Total</b>	<b>\$2,130,047.80</b>	<b>\$ 4,015,200.75</b>	<b>\$ 12,094,667.18</b>

## Engagement and Consultation

As specified in By-Law 0023-2018, POA fines can be issued to accommodation providers based on extended default in the remittance of MAT. The Collection unit will collaborate with Compliance & Licensing section of Transportation and Works By-Law Enforcement to ensure the collection aspects outlined in the By-Law can be administered as needed for defaulted remittances. The unit was consulted on the development of this draft policy and is in support as required based on the specifications outlined in the policy.

## Financial Impact

There is no direct financial impact associated with this Policy.

## Conclusion

Establishing a Municipal Accommodation Tax policy ensures that there is a consistent approach to the administration, collections, process for write-offs if deemed uncollectible, regular reporting is maintained and yearly audits are performed confirming compliance with the by-law requirements.

It is recommended that Council approve the Corporate Policy entitled “Municipal Accommodation Tax”.

## Attachments

Appendix 1: Corporate Policy – Municipal Accommodation Tax



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Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Louise Cooke, Manager, Revenue and Taxation