

UPDATE – Changes to the FCTIP Program in 2017 Federal Budget

The Tourism Industry Association of Canada (TIAC) has been working diligently since the budget announcement to better understand the full impact of proposed changes to the Foreign Convention and Tour Incentive Program (FCTIP), which gives tax rebates to non-resident travellers for certain activities. After consultation TIAC received a response from the government, clarifying the scope of the changes.

The statement from government informed TIAC that the cut is part of a larger effort to address tax measures that have had a limited impact, have had low take-up, or duplicate other forms of federal support. Specifically, Budget 2017 proposes to repeal the Goods and Services Tax/Harmonized Sales Tax (GST/HST) rebate payable to non-resident tourists and non-resident tour operators in respect of the accommodation portion of tour packages. We now have clarification **that the tour packages component is being dropped but the conventions component is not**. Therefore, instead of “FCTIP” the “Tour” portion is being dropped and will now be “FCIP.” Components applicable to the conventions sector will remain the same.

According to Government officials, the rebate is complex and costly to administer, and benefits only a narrow segment of the Canadian tourism industry. The Government will instead invest in enhanced tourism marketing as shown through commitments to stabilize Destination Canada’s budget at a level of \$95.5 million going forward, and invest millions in indigenous tourism and the collection of tourism statistics.

TIAC fully recognizes that tour operators and other segments of the travel/tourism industry will be impacted by this change. As Canada’s only national voice representing the full spectrum of the tourism industry, we will continue our dialogue with Government officials while focussing on the sectors of our tourism industry that will be impacted by the elimination of the GST/HST tax rebate. We will continue to reach out to our stakeholders in the coming days and weeks to ensure that we are collectively addressing this issue with one voice.

TIAC wishes to thank the Minister of Small Business and Tourism’s office for providing additional information concerning this change.

March 27, 2017