



Department of Finance  
Canada

Ministère des Finances  
Canada

Canada

# VAT/GST and the Sharing and Gig Economy in Canada

OECD Global Forum on VAT  
January 27, 2026

# Overview

- Canada's Value-Added Tax
- Small Supplier Exception
- Ride-Sharing Services
- Platform-based Short-term Accommodation

# Canada's Valued-Added Tax System

- Canada applies a 5 percent value-added tax to most goods and services (the Goods and Services Tax or GST).
- Certain provinces have harmonized their provincial sales taxes with the GST to form the Harmonized Sales Tax (HST).
- The HST is a single tax administered by the federal government that includes a federal component (i.e., the GST) and a provincial component at rates set by participating provinces (8 to 10 percent).
- Provincial revenues under the HST are collected by the federal government and paid to HST participating provinces.

# Small Supplier Exception

- The business models for ride-sharing and short-term accommodation platforms, and Canada's associated GST/HST rules, interact with a small supplier exception.
- In general, a small supplier is a person whose taxable supplies have not exceeded 30,000 CAD (approximately 18,000 EUR) in the past 12 months.
- Small suppliers do not charge GST/HST on their supplies.
- Small suppliers are not eligible to claim a refund of the GST/HST paid on their inputs unless they voluntarily register to charge, collect and remit the tax.

# Traditional Taxi Services

- Traditional taxi businesses exist under a variety of different ownership and management structures.
- These different ownership and management structures may result in some taxi operators qualifying as small suppliers while comparable competitors do not.
- Since the introduction of Canada's GST/HST, every person who carries on a taxi or limousine business has been required to register for and collect the tax, even if they qualify as a small supplier.
- Requiring taxi businesses to register in all cases promotes competitive equity by ensuring that all supplies are subject to GST/HST.

# Ride-Sharing Services

- Before 2017, a taxi business was defined as a “business carried on in Canada of transporting passengers by taxi for fares that are regulated under the laws of Canada or a province.”
- However, ride-sharing services were not included in this definition as their fares are not typically regulated in Canada.
- To ensure that the GST/HST applies consistently to taxi services and ride-sharing services, the definition of a taxi business was amended to add:
  - “a business carried on in Canada by a person of transporting passengers for fares by motor vehicle [...] if the transportation is arranged or coordinated through an electronic platform or system”

# Ride-Sharing Services

- Today, drivers providing ride-sharing services in Canada are responsible for collecting and remitting GST/HST to the Canada Revenue Agency (CRA).
- Ride-sharing web applications typically collect GST/HST on behalf of the driver and provide the tax collected to the driver to remit to the CRA.
- Passenger transportation services provided by taxi operators and ride-sharing service providers are subject to the same GST/HST rules.

# Platform-based Short-term Accommodation

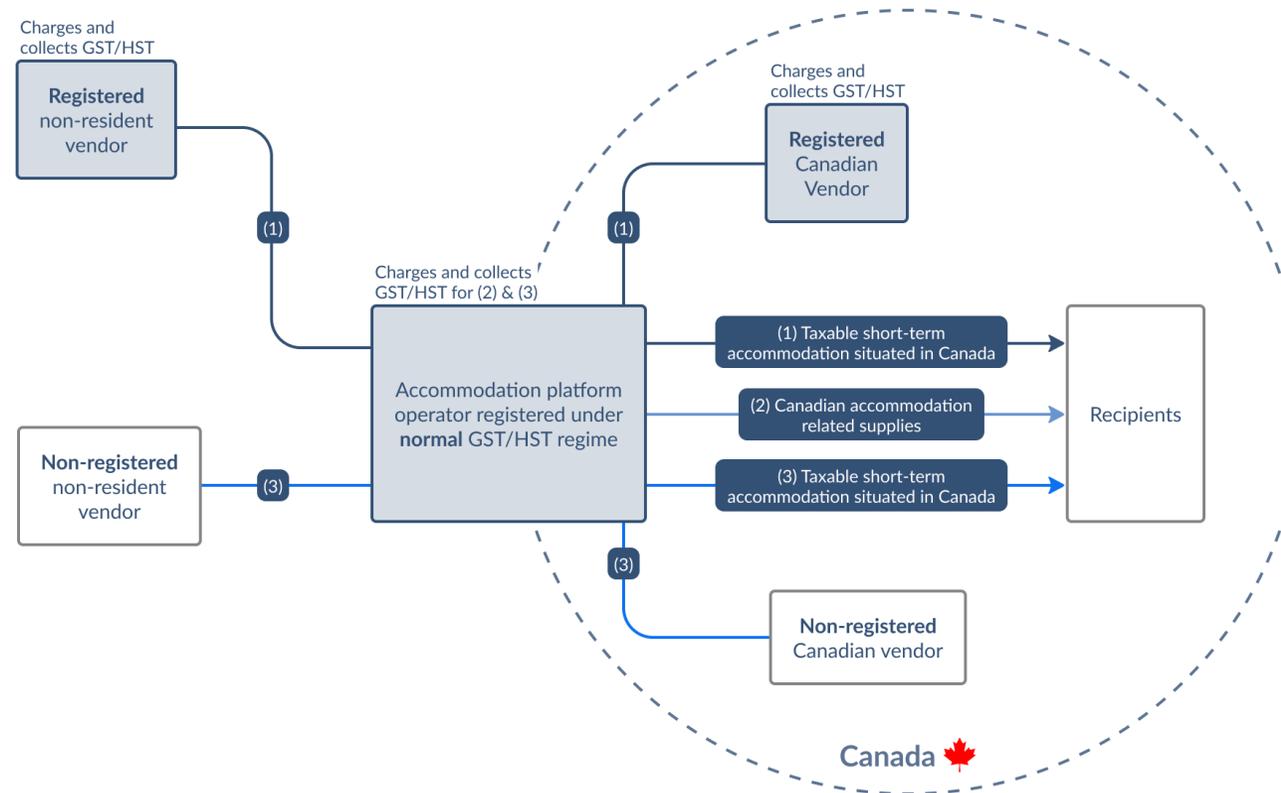
- The increasing popularity of using digital platforms to supply short-term accommodation posed several challenges to Canada's GST/HST rules.
  - Small supplier rules require collection and remittance of tax by suppliers with more than 30,000 CAD in taxable supplies.
  - Small scale operations may not meet this threshold, others may not be aware of the threshold.
  - The digital platforms facilitating the rentals were not responsible for accounting for the tax.
- As a result, GST/HST was not applied consistently and put traditional accommodation providers (e.g., hotels) at a competitive disadvantage.

# Platform-based Short-term Accommodation

- Under new rules introduced in 2021, GST/HST must be collected and remitted on short-term accommodation supplied in Canada through an accommodation platform by either:
  - the property owner if they are registered for the GST/HST; or
  - the accommodation platform operator where the property owner is not registered for GST/HST. In this case, the accommodation platform operator is deemed to be the supplier.
- Simplified GST/HST registration is available for non-resident accommodation platform operators.

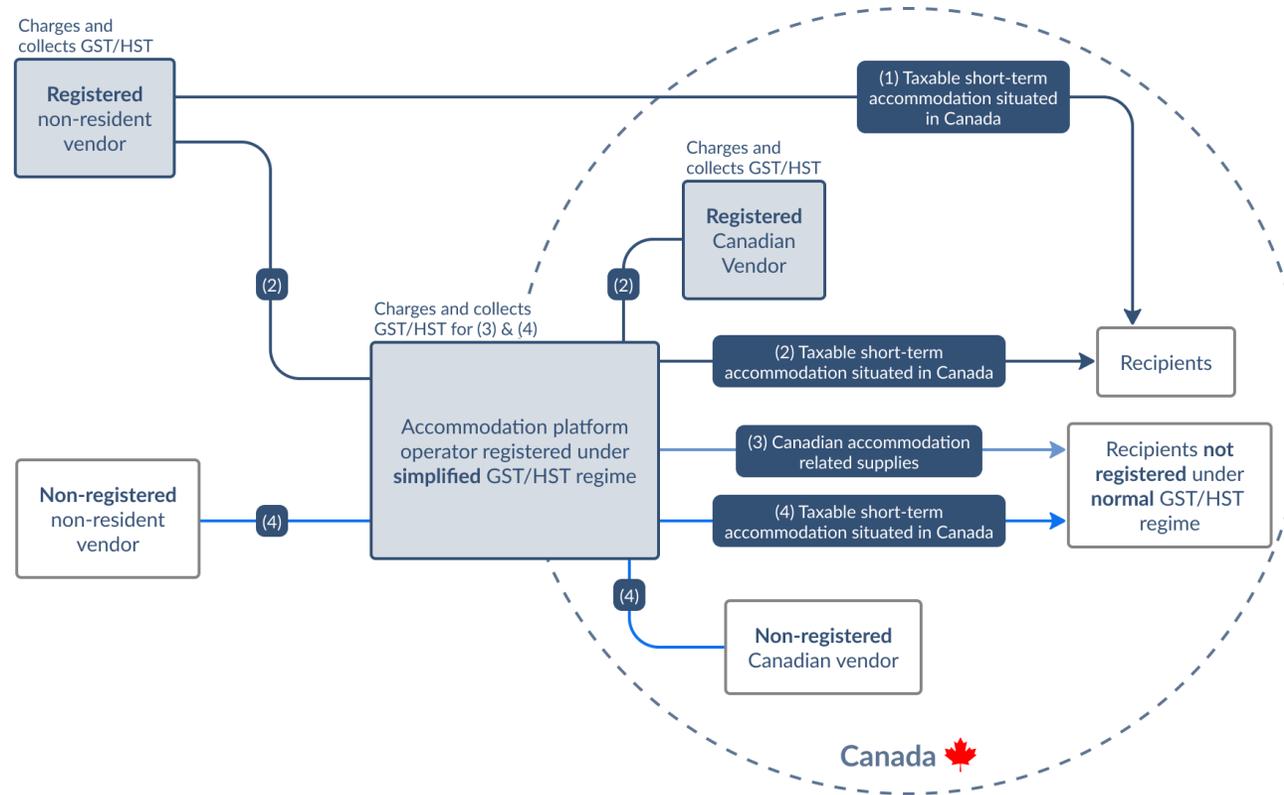
# Platform-based Short-term Accommodation

Who charges and collects GST/HST - Normal GST/HST regime



# Platform-based Short-term Accommodation

Who charges and collects GST/HST - Simplified GST/HST regime



# Key Design Elements

- **Taxable short-term accommodation:** Includes rentals of residential complexes or units for less than one month at a price of 20 CAD per day or more.
- **Supplies by platform operator or property owner:** Platform operator is deemed to be the supplier where an underlying property owner is not registered for GST/HST. If the underlying property owner is registered, they are responsible for the GST/HST.
- **No tax on services to underlying suppliers:** Services provided by a platform operator to a non-registered property owner deemed not to be a taxable supply.
- **Safe Harbour Rules:** Platform operators are not liable for failing to collect and remit tax where they have relied in good faith on information provided by a property owner.



**Dominic DiFruscio**

Director

Tax Policy Branch

Department of Finance Canada

[Dominic.DiFruscio@fin.gc.ca](mailto:Dominic.DiFruscio@fin.gc.ca)

**Thank you**