



Alex Dagg  
Director, Public Policy  
Airbnb Canada

March 17, 2020

Dear Hon. Chrystia Freeland, Deputy Prime Minister of Canada,

Thank you for your leadership on the recent emergency actions taken to address the coronavirus outbreak.

Airbnb is committed to doing our part to take care of our community of hosts, guests, and cities feeling the strain of limited travel, and we would like to share with you our efforts.

In addition, as the Government considers proposals to aid economic recovery, we offer some policy proposals aimed at helping regular Canadians who share their homes to earn extra income, entrepreneurs who offer local tourist experiences, and small business owners who make up the backbone of the Airbnb community, and of whom more than half depend on their Airbnb income to meet their monthly needs. Thirteen percent of our Canadian hosts said they or someone in their household is a teacher, more than half are women, and seniors (who are on fixed incomes) have been amongst our largest cohort of hosts. We are asking the government to first and foremost consider our hosts: hardworking women and men across Canada who share their assets and depend on this income to pay the bills.

### **Airbnb Response to Coronavirus Crisis**

Our first priority is the health of the public and our communities. Our actions have been organized around the safety and well-being of our guests, hosts, employees and the communities in which we operate.

On Saturday, March 14, 2020, we put in place a global policy allowing all guests to cancel reservations and refunded 100% of the cost—including all fees.<sup>1</sup> This is a continuation of the cancellation policies we have had in place in specific regions since the coronavirus outbreak began earlier this year. Under this Extenuating Circumstances Policy we offer hosts and guests the option of cancelling eligible reservations without charge in severely impacted areas.<sup>2</sup> The policy applies to all existing reservations for Airbnb accommodations and Airbnb Experiences<sup>3</sup> made on or before March 14, 2020, with a check-in date of April 14, 2020 or earlier. This policy applies globally, with the exception of domestic trips in mainland China, where we first applied the policy in January and are now scheduled to lift it on April 1, 2020. Airbnb has not taken any fees on these cancellations. We know this will mean a significant loss of bookings and a large number of cancellations for our hosts and we are working on a plan of action to help them get through this extremely difficult time.

<sup>1</sup> <https://news.airbnb.com/extenuating-circumstances-policy-activated-around-the-world/>

<sup>2</sup> <https://www.airbnb.com/help/article/2701/extenuating-circumstances-policy-and-the-coronavirus-covid19>

<sup>3</sup> <https://www.airbnb.com/s/experiences>



To address bookings beyond April 14, 2020, we are also building a new suite of tools and programs to help hosts and guests meet their needs to cancel or postpone their hosting and travel plans. These include rewards for hosts willing and able to offer refunds on cancellations that would have otherwise been subject to charges; new search filters to help guests find and book accommodation options that have the most appropriate cancellation policy; and a refund of the Airbnb Guest Service Fee in the form of a travel coupon for travelers who cancel new bookings up to June 1, 2020.

Airbnb hosts across Canada are still actively hosting individuals, some of whom are quarantined in these homes or can't return home due to travel restrictions, airline restrictions, cost or flight availability. Airbnb can play a vital role in providing safe, clean, private homes for residents in need of temporary housing who have been advised to evacuate their homes to avoid exposure, including roommates, multi-generational homes, or residents who are instructed to evacuate a building. We stand willing to work with all levels of government to support your efforts to combat this pandemic.

We have also sought to prioritize the health and safety of our employees. Beginning last Friday March 13, 2020, we directed our Montreal and Toronto based employees to work from home.

### **Coronavirus Impact on Travel Industry Solo-Entrepreneurs and Small Businesses**

Going forward, as the federal government considers measures to lessen the economic losses of this public health emergency, we would like to take this opportunity to provide insight into the economic implications of a travel crisis for Airbnb's community of hosts and guests.

As you may know, the travel industry worldwide generates \$5.7 trillion in revenue and an estimated 319 million jobs, which averages to approximately one in 10 jobs, and has represented 10.4% of the global gross domestic product. Public reporting has suggested that the impact of the coronavirus on the travel sector could be comparable to, or worse than, the impact that the tragic events of September 11, 2001 had on the industry: "Commercial air traffic is poised to fall 8.9% this year as the outbreak causes a sudden plunge in demand around the world. That would be the biggest drop in data that goes back to 1978—dwarfing the impact following the September 2001 terrorist attacks and the recession that ended in 2009."<sup>4</sup>

The United Nations World Tourism Organization (UNWTO) just revised its earlier projection of growth in international arrivals for 2020 from around 4% to "negative growth of 1% to 3%."<sup>5</sup> The Global Business Travel Association found "that business travel, which costs companies over \$1 trillion a year could fall by over a third," estimating the impact to be 37% of all business travel<sup>6</sup>.

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<sup>4</sup> Rick Clough, Air Travel Poised for Worst Year on Record Amid Virus Outbreak, 2020, available: <https://www.bloomberg.com/news/articles/2020-03-06/air-travel-poised-for-worst-year-on-record-amid-virus-outbreak>

<sup>5</sup> [https://web.unwto.org/eu-west-lamazonaws.com/s3fs-public/2020-03/Tourism-COVID19\\_EN-press.pdf](https://web.unwto.org/eu-west-lamazonaws.com/s3fs-public/2020-03/Tourism-COVID19_EN-press.pdf)

<sup>6</sup> <https://www.economist.com/business/2020/03/07/covid-19-is-foisting-changes-on-business-that-could-be-beneficial>



Zurab Pololikashvili, secretary-general of UNWTO said: "Small and medium sized enterprises make up around 80% of the tourism sector and are particularly exposed with millions of livelihoods across the world, including within vulnerable communities, relying on tourism."<sup>7</sup>

While Airbnb may be asset-light as compared with some of our travel sector peers, we are community-heavy and we are focused on helping our community weather this crisis. At the end of last year, Airbnb's accommodation marketplace included more than 170,000 active listings in Canada, and the majority of these hosts depend on the monthly earnings generated through the Airbnb platform. Airbnb hosts keep up to 97% of their listing price and, in a recent survey we conducted, more than half of hosts surveyed in Canada (61.4%) said their Airbnb income helped them stay in their homes. Nearly one third (27%) said hosting on Airbnb helped them avoid eviction or foreclosure.

We support the current discussion around how best to provide economic relief to the travel and tourism industry through these challenging times. However, we are also very concerned that among the most vulnerable are non-traditional workers, the everyday people who depend on travel and tourism for their jobs and economics, including the over one-hundred thousand Canadians sharing their extra space in their homes to make ends meet. We ask that you consider measures to support these entrepreneurs and we have identified some recommendations for how to do so:

A. Sales tax relief

We are requesting a temporary waiver of the obligation for hosts above the \$30,000 threshold to charge, collect and remit the GST/HST, while still allowing them to claim credits for their inputs. Accommodation would not be subject to GST/HST, but the host community could still get credits for the GST/HST paid on their business expenses. This type of tax treatment, referred to as "zero-rating", already exists for certain suppliers and would be both effective and relatively straightforward to implement.

B. Income tax rate

A well-known rate reduction scheme is the one available to the manufacturing sector. We request a conceptually similar treatment for the tourism industry. In other words, an overall rate reduction for Canadian-controlled homes and experience hosts generating income from the tourism industry below a given threshold.

C. Regional Development Agency support

RDA's should be mandated to support self-employed individuals engaged in short-term tourist rental and experience businesses. These individuals contribute over \$5 billion in direct economic impact to Canada's economy and are being hard hit during this crisis. This can come in the form of short-term loans, loan forgiveness or mortgage deferrals.

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<sup>7</sup> <https://www.traveldailymedia.com/covid-19-unwto-calls-on-tourism-to-be-part-of-recovery-plans/>



D. Employment insurance

Currently self-employed individuals who have registered and paid premiums for Employment Insurance (EI) are eligible to access EI sickness benefits for up to 15 weeks. Non-traditional workers like Airbnb hosts who are currently experiencing income losses could be supported through the EI system. We suggest that additional benefits be made available to these individuals for loss of business income during the course of this pandemic. We further support temporarily cancelling the 12-month waiting period before an individual can access these benefits.

E. Defer federal taxable income

Defer the federal taxation of income earned through short-term rental or other travel industry solo-entrepreneurs and small businesses for one year.

F. Support tourism growth post-pandemic

To re-accelerate travel to and within Canada, offer a transferable tax credit or federal funding on travel destination promotion, and investment for travel within the country.

Thank you again for your leadership during this time of domestic and global crisis. We at Airbnb stand ready as a committed partner to the federal government in creating and implementing policy solutions to support the travel and tourism economy and our Airbnb community. Together, with collective public and private efforts, I am confident we will overcome, recover and rebuild toward a world where anyone can belong anywhere.

Sincerely,

Alex Dagg  
Director, Public Policy  
Airbnb Canada

cc: Hon. Minister Navdeep Bains, Hon. Minister Carla Qualtrough, Hon. Minister Melanie Joly,  
Hon. Minister Bill Morneau