



VIREB

VANCOUVER ISLAND REAL ESTATE BOARD

AN ASSOCIATION OF REALTORS® **NEWS RELEASE**

FOR IMMEDIATE RELEASE

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REALTORS® approve of federal “mini budget”

NANAIMO, BC – Calling it a start, the President of the Vancouver Island Real Estate Board (VIREB) welcomes the federal government’s GST and tax reduction plans, announced in Tuesday’s federal economic forecast.

“REALTORS® have long advocated a comprehensive review of the tax and regulatory barriers to the affordability of housing. One of those has been the GST as it applies to newly constructed housing,” explains Jennifer Lynch.

“The GST is charged on professional services used by consumers during the course of a housing transaction, including fees paid to lawyers, appraisers, home inspectors and REALTORS®.”

“Reducing the GST rate will have the effect of reducing the costs associated with buying or selling a home,” Lynch notes. “A one per cent reduction in the GST rate would save a homeowner nearly \$3,000 on a new home selling for \$300,000, based on the sliding GST scale that applies to the cost of new homes.”

Lynch says REALTORS® will be continuing to call on the government to bring about other initiatives including the outstanding election promise of addressing capital gains taxes.

“The Canadian Real Estate Association has proposed two other tax measures to the federal government,” she says, noting helps first time homebuyers, and the other would encourage investment in rental properties.

“The Association has recommended the federal government increase the personal maximum withdrawal allowed under the Home Buyers’ Plan to \$25,000 from the current level of \$20,000. The current level has not been adjusted since the plan was launched in 1992.”

REALTORS® are also asking the federal government to amend the Income Tax Act to provide real property investors with the freedom to change asset classes without the financial penalties they currently face. Under this proposal, this would be achieved by allowing property investors to defer the capital gains tax and the capital cost allowance recovery on the sale of an investment property when the funds are reinvested into another within a specified time period.

“This change would allow investors to grow their real property investments, provide flexibility to their investment strategies, and encourage the upkeep of renovation of investment properties,” Lynch says.

“By reducing tax rates the federal government is giving taxpayers a well-deserved break. This means all Canadians will have more money in their pockets, which helps stimulate the economy.”

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VIREB represents approximately 1,160 licensed REALTOR® members in more than 85 member offices on Vancouver Island (north of Victoria).

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