



**VIREB**  
VANCOUVER ISLAND REAL ESTATE BOARD



AN ASSOCIATION OF REALTORS®

## HST – HOW IT AFFECTS YOUR HOME PURCHASE

The Harmonized Sales Tax (HST) came into effect on July 1. The provincial and federal governments combined the 7% provincial sales tax (PST) and the 5% federal Goods and Services Tax (GST) into the 12% HST. Some of the transition rules can be quite confusing, so talk to your REALTOR® about the specifics of your situation. In the meantime, we hope the following will help you understand the basics of what is, and what is not, subject to the new tax and how it affects your home purchase.

**First and foremost, it is important to note that the HST applies to *new* homes. It does *not* apply to resale homes.**

### **New Housing Rebate**

You may be eligible for a provincial New Housing Rebate if you buy, as your primary residence:

- a new home together with land;
- a new home together with leased land;
- a new mobile home or float home;
- a new home purchased through shares in a housing cooperative; or
- a home constructed or substantially renovated (more than 90%) by the owner-builder.

Buyers of new homes are eligible for a rebate of 71.43% of the provincial portion (7% of the HST's 12%) of the HST paid on the new home up to a maximum rebate of \$26,250. Homes priced at more than \$525,000 are eligible for a flat rebate of \$26,250. This rebate is limited to primary residences. Recreational property not used as a primary residence does not qualify.

If you buy a presale property and the agreement is dated on or before November 18, 2009 and you take ownership or possession after July 1, 2010, you will not pay the HST and will not be eligible for a New Housing Rebate. You will pay the GST. If the agreement is dated after November 18, 2009 and you take ownership or possession after July 1, 2010, you will pay the HST and may be eligible for the New Housing Rebate.

### **Buying either a new or a resale home**

The 12% HST is now charged on a range of goods and services including:

- home renovations;
- energy efficient appliances, insulation, windows and doors;
- heating and electricity bills, telephone, cable;
- closing costs such as appraisals and inspections;
- moving costs; and
- REALTOR® fees or commissions – note that the HST will apply to REALTOR® services performed on or after July 1, 2010. If 90% or more of the services were performed before July 1, 2010, the HST will not apply.

### **The HST is not the PTT**

The Property Transfer Tax (PTT) is a separate provincial tax on all property transfers. The rate is 1% on the first \$200,000 and 2% on the remainder of the fair market value of the property (usually the property price) before the GST/HST is applied.

**This article was prepared on behalf of the REALTORS® of the Vancouver Island Real Estate Board for the information and benefit of consumers. Visit [www.vireb.com](http://www.vireb.com) for more information.**