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# GST AND REAL ESTATE

We're REALTORS®  
Real Estate Is Our Life®

The Goods and Services Tax (GST) is collected at a rate of 7% on the sale price of goods and services. However, it does not apply to every type of home or every form of real estate service.

## GST and your new home

When you buy a newly constructed home, condominium or townhouse, the entire purchase price including land is taxable. If the property is to be rented to tenants, the full 7% GST is charged on the purchase price.

However, if the home is going to be your primary residence, it may qualify for a partial GST rebate, depending on the sale price.

For homes costing \$350,000 or less, you will receive a rebate of 36% of the GST paid, to a maximum of \$8,750. That means you will pay approximately 4.5% GST (not 7%) on the purchase price. New homes selling for \$450,000 or more do not qualify for a GST rebate.

## GST and the resale home

GST is not payable on the purchase price of a used residential home. A 'used' residential property is one that has previously been occupied as a residence. It can also mean a recently built house that is substantially complete and has been sold at least once before you buy it.

There are exceptions to the rules for GST on resale housing. If your owner-occupied home is not used mainly for residential purposes, only the residential portion is exempt from GST on resale. The non-residential portion of the purchase price is taxable. As well, most sales of real property by charities, non-profit organizations and other public service agencies are exempt from GST.

## GST and the renovated home

While the sale of a used home is normally exempt from GST, in situations where the renovation is substantial enough that the home is deemed 'new', then GST is payable.

The rules on renovations are complex and it is best to contact the Canada Customs and Revenue Agency for a ruling on your particular situation.

## GST and land

Land that is purchased separately may be subject to GST, depending on the previous use of the land. When you build a new home on the land, you will pay GST on the construction costs of the house, less any applicable rebate.

## GST and the real estate transaction

GST applies to most of the services provided in completing the real estate transaction. GST is applied to the commission a REALTOR charges. The tax is paid by the person responsible for paying the commission. GST also applies to fees for appraisals, real property reports and legal assistance. GST is charged on these fees regardless whether the house purchased is exempt from GST.

GST is normally due and payable when the real estate transaction is completed (Completion Day).

## GST and rent

GST is not payable on residential rents. GST will apply to the fees charged to the landlord for property management, as well as repair and maintenance services. GST is not payable on monthly fees charged by condominium associations.

## Need more information?

For additional GST information, contact your local Canada Customs and Revenue Agency office (the number may be found in the blue pages at the front of your phone book) or visit [www.ccra.gc.ca](http://www.ccra.gc.ca).



Compliments of the Alberta Real Estate Association  
Revised March 2003