

INVESTMENT PROPERTIES

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REBATE PROGRAMS FOR NEWLY BUILT HOMES AND CONDOMINIUMS

Receive up to \$30,000 in tax free rebates for your new investment home or condominiums

Background

In July 2010 Harmonized Sales Tax (HST) came into effect to replace the existing Goods and Service Tax (GST). Immediately taxes on new homes and condominiums increased from 5% to 13%. To reduce this increased tax burden on Investors the Federal Government introduced a rebate program that allows Investors to receive up a rebate of up to \$30,000 in HST paid on their new investment property.

Who can Apply for the Rebate?

In order to qualify for an HST Investment Property Rebate the property must be owned by a person or group of people. If the investment property is purchased by a company it will not qualify for the HST Rebate.

What type of Properties are?

In order to qualify for the HST Investment Property Rebate program you must have purchased a NEW:

- Investment condominium
- Investment home

Purchases of Multi-unit Investment properties do not qualify. This includes duplex, triplexes and apartment buildings.

How long do I have to apply for the rebate?

An Investor has 2 years for the date of closing to apply for the HST Rebate. After this time the HST Rebate is no longer claimable.

Do I need to live in Canada in order to apply?

An Investor does not have to reside in Canada in order to apply for the rebate. If you have brought a new

investment property no matter where you live in the world you are entitled to receive the HST Rebate.

What happens if I purchased the property to flip it?

If the investment was made to flip the property the Investor is not entitled to the property tax rebate. Investors are cautioned not to apply for the rebate in this situation. If the Investor applies for the HST Rebate, and receives it, then sells the property within 2 years of purchasing it, it is more than likely CRA will send them a tax bill for the HST Rebate they received plus interest.

I brought the property to live in, but I am renting it now instead of living in it

It is very common to change your mind on the use of a property after it is purchased. As life changes, what we originally intended does not always happen. If you purchased a property with the intention of living in it, the builder can apply for an HST Rebate on your behalf. This reduces the price of the home to the purchaser, and the taxes owed to the Government by the builder. In most cases the home purchaser has no idea this has happened. If you then decide to rent the home instead of living in it, the Investor (home owner) will more than likely receive a tax bill from CRA for the HST Rebate applied to the new home purchase. The Investor will need to apply for an Investor's HST Rebate, which offsets the HST bill from CRA. Again this must be done within 2 years of purchasing the investment property or the HST Rebate will no longer be claimable.