

GTA REALTORS® Work to Eliminate Harmonized Sales Tax Misconceptions

TORONTO, October 5, 2010 -- Concerned that homebuyers are uncertain about the Harmonized Sales Tax's (HST) applicability on real estate purchases, Greater Toronto REALTORS® are reaching out to consumers to eliminate misconceptions.

Using social media channels and an ongoing series of newspaper columns, the Toronto Real Estate Board (TREB) is conveying to consumers that the HST does not apply to the purchase price of resale homes.

"Although the HST applies to newly constructed homes and professional services associated with real estate transactions, the purchase price of a resale home is exempt from this tax," said TREB President Bill Johnston.

Since resale housing was never subject to the Provincial Sales Tax (PST) or the federal Goods and Services Tax (GST), it continues to be exempt from the new HST.

Conversely, newly constructed homes were previously subject to the GST, meaning that the HST now applies. The provincial government however, provides a rebate of 75 per cent of the PST on the first \$400,000 on new homes, to a maximum of \$24,000.

"When considering the purchase of any type of home, it is important to budget for additional costs, like the Land Transfer Tax and property taxes. Fortunately though, the purchase price of a resale home is one area of relief for taxpayers and recognizing that a home is many people's single largest investment, this exemption is an important consideration."

TREB began informing Greater Toronto Area homebuyers of this important distinction prior to the introduction of the new tax and plans to continue driving home the message.

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- 30 -

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