

## **MOVING TO A HARMONIZED REGIME**

The Provincial Government has, as of Friday June 19<sup>th</sup>, 2009, released the awaited details of how the HST introduced in the last budget will be implemented on new homes.

For fuller details please refer to the publication on the Ministry's website at <http://www.rev.gov.on.ca/english/notices/str/pdf/02.pdf>.

### **FIRST \$400,000 AT 2%**

The main point in my opinion is that the Province has listened to the industry and has brought in a more progressive taxation scheme. The Rebate has been enhanced so that the tax will in effect be at 2% of the first \$400,000 for all new homes to which the tax is subject, and at the rate of 8% for consideration in excess of \$400,000. New rental housing, including homes bought by individuals to rent out, will be subject to the new tax and qualify as well for the rebate.

### **JUNE 18<sup>TH</sup>, 2009 CUTOFF**

The new tax will be imposed on homes sold after June 18, 2009 if occupancy or title is transferred on or after July 1, 2010. Homes sold before that date will be subject to the old regime no matter when closed.

### **TRANSITIONAL RULES**

There are transitional rules for homes completed in whole or part on July 1, 2010 but closed afterwards which are detailed in the bulletin referred to above. These will not affect the purchasers.

### **DISCLOSURE REQUIREMENTS**

All agreements entered into after June 18, 2009 until July 1, 2010 must disclose whether the new provincial tax is applicable and if the price includes the provincial portion of the tax net of the rebate. If not disclosed, the Purchaser will not be required to pay the new provincial tax in excess of the stated price.

Clients selling new homes or renovated home which are subject to the HST should review their agreements to ensure compliance.

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