

Do You Qualify for a GST Rebate?

A Tax Savings Strategy

Compliments of Pat Weber and Doris Mueller

Re/Max Anchor Realty
Qualicum Beach, B.C.

113 West 2nd Avenue
Qualicum Beach, British Columbia
Canada V9K 1T5

Toll-free: (800) 668-3622
Phone: (250) 752-2466
Fax: (250) 752-2433
Email: pat@midislandrealestate.com

Do You Qualify For A GST Rebate?

Until, or if, the federal government changes the GST, you will be required to pay it if you buy a new home that's newly constructed or substantially renovated.

The good news is that you may be eligible to claim a rebate for a portion of the GST or amount you pay on the purchase price or cost of building your new home if you meet one of the following:

- You buy a new or substantially renovated home and buy or lease the land from a builder.
- You buy a new mobile home, new floating home or new modular home from a builder or seller.
- You buy a share in the capital stock of a co-operative housing corporation.
- You construct or substantially renovate your own home or hire another person to do it.
- Your home is destroyed in a fire and is substantially rebuilt.
- If you merely redecorate or add an addition without substantially renovating your existing home, you do not qualify for a rebate.

Builders from whom you purchase your new or substantially renovated home, mobile home, or floating home can pay or credit you with the amount of the rebate for which you qualify. If they do, they are responsible for sending the rebate application to Revenue Canada.

Should you decide to apply directly to Revenue Canada for the rebate, you must use the appropriate form available from any Revenue Canada Excise/GST district office.

The rebate applications involve the purchase of a new single unit residential complex or a residential condominium unit from a builder. To apply for the rebate you need to meet all of the following conditions:

- The builder sells both the building and the land the home is on.
- The home is intended as the primary place of residence for yourself or a relation.
- The purchase price of the home (both building and land) is under \$450,000.
- Ownership of the home is transferred to you after the construction is substantially completed.
- You or a relation are the first occupants, or you sell the home and transfer ownership before anyone occupies it.
- You pay GST, or GST is included in the price of the home.
- You have up to four years to claim your rebate from the date ownership of the home is transferred to you.

Buyers purchasing such homes priced up to \$350,000 will qualify for the maximum rebate of \$8,750, or 36 per cent of the GST paid on the purchase price, whichever is less.

For homes priced at more than \$350,000, but under \$450,000, the rebate is gradually reduced. There is no rebate for homes selling for \$450,000 or more.

Example A - Purchase price/fair market value (not including GST) is under \$350,000

Purchase price \$200,000

GST paid (7% of purchase price) \$ 14,000

GST rebate (\$14,000 x 36%) \$ 5,040

Example B - Purchase price/fair market value (not including GST) is over \$350,000

Purchase price \$400,000

GST paid (7% of purchase price) \$ 28,000

GST rebate \$ 4,375

Calculation: \$450,000 minus \$400,000 (purchase price) = \$50,000/100,000 X \$8,750 = \$4,375