

Government Relations

Government listens to Real Estate Board on HST



The BC Government has announced that it will provide a rebate on the 12 per cent Harmonized Sales Tax (HST) for homes costing up to \$525,000 from the previously announced \$400,000.

The HST is scheduled to take effect July 1, 2010. This is good news for the Real Estate Board and proof that its lobbying efforts produce results.

In October 2009, the Board presented a submission to the BC government on how the proposed 12 per cent HST would hurt affordable home ownership.

In the submission, the Board explained why the proposed \$400,000 threshold was too low for Greater Vancouver where only 23 per cent of new homes sold on the MLS® are priced at less than \$500,000 and the average MLS® new home priced had reached \$701,580.

The Board made several recommendations to mitigate the effects of the HST including asking the government to raise the threshold to \$700,000 from \$400,000.

On November 19 the government announced that it would raise the threshold up to \$525,000, citing its discussions with the public and the real estate sector as having influenced the decision for change.

"We heard the concerns from consumers and industry about how the HST might affect home buyers, and this increase will move the threshold to above the average new home price in the province," said the Hon. Colin Hansen, Minister of Finance.

As of July 1, 2010, qualifying buyers of new homes costing up to \$525,000 will be eligible for a rebate of 71.43 per cent of the provincial portion of the HST paid on a new home, up to a maximum of \$26,250.

New homes priced at more than \$525,000 will receive a flat rebate of \$26,250. This is a 30 per cent increase in the threshold and the maximum rebate available, compared with what was previously proposed.

A similar rebate will also support the construction or substantial renovation of affordable rental housing.

The government has released its proposed Residential Housing New Housing Rebates and Transitional Rules for British Columbia HST, which provides details on new housing rebates including transitional rules for real property, grandparenting.

Transitional rules: The HST would not apply to sales of new homes where ownership or possession is transferred before July 1, 2010.

Grandparenting: Sales of new homes under written agreements of purchase and sale entered into on or before Nov. 18, 2009, would generally not be subject to the provincial portion of the HST, even if both ownership and possession are transferred on or after July 1, 2010.

Ü For a copy of the new Transitional Rules, visit www.gov.bc.ca/hst

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