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Are You Entitled to the 2008 GST/HST Transitional Rebate for Purchasers of New Housing?

By Tyler Inkster

On October 30, 2007, the federal government announced in its fall economic statement a reduction in the GST from 6% to 5%, effective January 1, 2008. The GST reduction in the GST has implications for purchasers of new housing who qualify for the GST Housing Rebate. Depending upon when a purchaser entered into the agreement of purchase and sale and the closing date provided for in the agreement, purchasers of new housing may be entitled to claim a transitional rebate.

If a purchaser entered into an agreement for the purchase of new housing after May 2, 2006 and before October 31, 2007, then GST will apply to the transaction at the rate of 6%, provided that both ownership and possession are transferred after June 30, 2006. Furthermore, the purchaser may be entitled to claim a 2008 GST transitional rebate if both ownership and possession are transferred to the purchaser after December 31, 2007.

If a purchaser entered into an agreement for the purchase of new housing after October 31, 2007, then GST rate that will apply to the transaction will depend upon the date upon which ownership and possession are transferred. Where ownership or possession is transferred prior to January 1, 2008, GST will apply to the transaction at the rate of 6%; where ownership and possession are transferred after December 31, 2007, GST will apply to the transaction at the rate of 5%.

Purchasers entitled to claim a GST transitional rebate for the 2008 rate reduction must complete application Form GST193, GST/HST Transitional Rebate Application for Purchasers of New Housing and file it with the CRA. It is important to note that unlike Form 190, GST/HST New Housing Rebate Application for Houses Purchased From a Builder, which is usually completed by the purchaser and filed by the builder with the CRA, a purchaser must file the GST/HST Transitional Rebate Application for Purchasers of New Housing directly with the CRA. Once the application is processed, the CRA will pay the transitional rebate amount directly to the purchaser. It is also important to note that the GST/HST Transitional Rebate Application for Purchasers of New Housing must be signed by the same individual who

signed the GST/HST New Housing Rebate Application for Houses Purchased from a Builder.

The GST/HST Transitional Rebate Application for Purchasers of New Housing must be filed with the CRA within two (2) years after the date upon which the purchaser took ownership of the new housing. In addition to filing the GST/HST Transitional Rebate Application for Purchasers of New Housing, the purchaser must also file three (3) other documents in support of the application: (1) a copy of the Agreement of Purchase and Sale; (2) a copy of the Statement of Adjustments; and (3) a copy of the GST/HST New Housing Rebate. Your lawyer should be able to provide with copies of each of these documents.



Tyler Inkster is a partner with the law firm of Langlois Konrad Inkster LLP. Should you have any questions relating to the topic covered in this article or any other residential real estate law matter, Tyler can be reached at 905.272.4224, ext. 24, or at tyler@lkilaw.ca

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