

## HST for Buyers of Single Family Homes: How Will HST Affect Me?

### Understanding the HST

- Starting July 1, 2010 HST will apply to new residential housing; however, the BC government has implemented changes to minimize the impact to home buyers.
- Before HST, PST had been paid on all materials used in the construction of a home.
- This PST was embedded in the cost of a new home. It is estimated that this embedded PST added 2% to the cost of a new home.
- All home buyers who purchase a new home (primary residence) after October 20, 2009 that they take ownership and move into after June 30, 2010 will receive a rebate for HST.
- This rebate can be assigned to the builder, so home buyers only need to pay the 'net' home price (the home price plus the HST, less the rebate).
- The rebate is 71.43% of the provincial part of the HST paid (7%).
- For owner built (custom) houses, the maximum rebate will vary depending on whether HST applies to the land. If the owner already owns the land and HST did not apply, the maximum rebate is \$17,588. If HST was paid on the land, then the maximum rebate is \$26,250.
- With HST, you can also claim a PST Transitional Tax Adjustment (TTA) rebate to help offset the PST embedded into the construction of the home. This rebate is based upon what percentage of the home was completed before July 1, 2010. The chart below illustrates how to calculate the transitional rebate.

Degree of completion as of July 1, 2010	TTA rate as a % of consideration
< 10%	2.0%
10% ≤ and < 25%	1.5%
25% ≤ and < 50%	1.0%
50% ≤ and < 75%	0.5%
75% ≤ and 90%	0.2%
≥ 90%	0%

### HST Net Effect

New Home Price	2% Embedded PST	After Harmonization	
\$400,000	\$8,000	HST (7% BC portion)	\$28,000
		BC new housing rebate	(20,000)
		Previous 2% embedded PST	(8,000)
		<b>Net impact on home buyer</b>	<b>\$0</b>
\$525,000	\$10,500	HST (7% BC portion)	\$36,750
		BC new housing rebate	(26,250)
		Previous 2% embedded PST	(10,500)
		<b>Net impact on home buyer</b>	<b>\$0</b>
\$700,000	\$14,000	HST (7% BC portion)	\$49,000
		BC new housing rebate	(26,250)
		Previous 2% embedded PST	(14,000)
		<b>Net impact on home buyer</b>	<b>\$8,750</b>

If you have any questions, please contact the Canada Revenue Agency at 1-800-959-8287  
Or the Canadian Home Builders' Association of BC at 1-800-933-6777