



## Information about the GST on new housing

The five per cent Goods and Services Tax (GST) applies to the sale of new residential homes in BC and to the sale of used residential property, if the property was used:

- for short-term accommodations (less than 30 days);
- as a property in a rental pool; and
- as an Airbnb or bed and breakfast (B & B).

### GST on new housing

If your client buys a new home, either the client or the seller will have to pay the five per cent Goods and Services Tax (GST) which applies to the sale of new residential homes. The home can be fee simple or on leased land if the lease is for at least 20 years or gives the option to buy the land.

### GST New Housing Rebate

Your client may be eligible for a GST rebate if:

- they buy, as their primary residence, a new home priced up to \$450,000. The rebate is equal to 36 per cent of the five per cent GST paid on the first \$350,000 of the price of a new home. The GST rebate is phased out for homes priced between \$350,000 and \$450,000. New homes priced at \$450,000 and above receive no GST rebate;
- they buy a substantially renovated home in which all or, substantially all, of the existing building has been removed or replaced; or
- they build their own home and the [fair market value](#) (link opens definition, see page 5) of the home (not what it cost to build) is no more than \$450,000.

Learn more:

[CRA GST new housing rebate](#)

[CRA Guide RC4028, New Housing Rebate \(October 2016\)](#)

[CRA Substantial renovations and the GST/HST new housing rebate](#)

[CRA GST Rebate for owner-built homes](#)

### GST New Rental Housing Rebate

Your client may be eligible for a GST rental housing rebate if:

- they buy a new home priced up to \$450,000 to rent with a minimum one-year lease in place. The rebate is equal to 36 per cent of the five per cent GST paid on the first \$350,000 of the price of a new home. The GST rebate is phased out for homes priced between \$350,000 and \$450,000. New rental homes priced at \$450,000 and above receive no GST rebate; or
- they build a home to rent, have a one-year lease in place, and the [fair market value](#) of the home (not what it cost to build) is no more than \$450,000.

Learn more:

[CRA GST/HST new residential rental property rebate](#)

[CRA Guide RC4231, New Residential Rental Property Rebate \(October 2016\)](#)

[CRA GST524 GST/HST New Residential Rental Property Rebate Application](#)

### The GST and presale agreements

The five per cent GST is due when ownership and possession take place.

Under a presale agreement, the GST on the deposit amount isn't payable when the deposit is made. Instead, the buyer pays the full amount of GST owing when the deal completes and when ownership and possession take place.

However, under a presale agreement if the buyer makes partial payments following the deposit, but before ownership and possession occur, the buyer must pay GST on each partial payment to the builder. When the deal completes and ownership and possession take place, the buyer pays the remaining amount of the GST.

### Vacant Land

The five per cent GST is applied to the sale of vacant land under any of the following circumstances:

- if the land is purchased from a developer;
- if the land was used for business purposes at any time in the past, even if the land was purchased from an individual; or
- if the land was subdivided into more than two lots (three or more), even if the land was purchased from an individual.

Learn more:

[CRA Sales of vacant land by individuals](#)

### GST and new manufactured buildings

There are three types of manufactured buildings:

- manufactured portable buildings – includes floating homes and commercial use buildings, e.g. construction site office;
- manufactured mobile homes – a house trailer parked in one place, used as a permanent living accommodation;
- manufactured modular homes – a prefabricated home that consists of multiple sections or modules that are joined together on-site on a foundation to make a single building.

If your client wants to buy a new manufactured home, they'll have to pay five per cent GST on the full purchase price. When leasing a new manufactured building, the GST applies only to the lease of a new manufactured portable building that is for commercial use. The GST doesn't apply to the lease of a new manufactured building that is for residential use.

### GST and used manufactured buildings

If your client buys or leases a used manufactured building for residential use, the GST does not apply to the sale.

However, if your client purchases or leases a used manufactured building for commercial use, then the GST does apply.

## Tangible personal property versus an improvement to real property

A manufactured building can be considered either tangible personal property or an improvement to real property.

A manufactured building is considered tangible personal property if it is sold or leased as a supply-only item, meaning that it's delivered to a site, but not affixed to land.

A manufactured building is considered an improvement to real property if it is installed or affixed to land.

In either case, whether tangible personal property or an improvement to real property the new manufactured building is taxed in the same way to the end user with the GST applied to the full sale or lease price, where applicable.

## Shares in a co-op

If your client bought shares in a co-operative housing complex for use as a primary residence, your client may qualify for a GST rebate.

Learn more:

[CRA Rebate for cooperative housing](#)

[CRA GST525 Supplement to the New Residential Rental Property Rebate Application – Co-op and Multiple Units](#)

## GST and Commercial property – sales and rental

All commercial properties are subject to the GST.

Learn more:

[CRA Commercial real property – sales and rebates](#)

## Exemptions

Residential property exempt from the GST includes:

- the sale of an owner-occupied home if the home is bought and used primarily (more than 50 per cent) for personal use;
- used residential rental property for rent for periods of more than 30 days;
- the sale of a builder's personal residence; or
- a residential property converted to an office – for example, an entire house converted to a dentist's office.

## Commissions and Fees

### When is the commission/fee payable?

The standard Multiple Listing contract advises that the commission or fee is payable on the earlier of the following:

- the completion date under the Contract of Purchase and Sale; or
- the actual date that the sale completes.

### When to remit the GST on partial commission paid in advance of the deal closing

When to remit depends on whether the partial commission received in advance is a deposit or a partial payment.

Developers offering homes for presale may choose to pay part of the commission to a REALTOR® in advance of the deal closing.

If the advanced payment is a deposit, the developer doesn't have to include GST with the deposit amount. Instead, the developer will include the full amount of GST, along with the remaining commission owing, when the sale completes.

If the advanced payment is a partial payment, then the developer must include GST with each partial payment amount. When the deal closes, the developer will pay the remaining

commission and the remaining GST owing, for the Realtor to remit to the Canada Revenue Agency (CRA).

The Realtor is responsible for remitting the GST to the CRA during the fiscal/reporting period in which they've received it. With partial payment(s) the Realtor will have to remit the GST to the CRA during each fiscal period in which they've collected the GST – with each partial payment and lastly with the remaining payment when the sale completes.

In the case of a deposit with no partial payments, the Realtor must remit the GST collected to the CRA during the fiscal period when the sale completes when the commission and GST is collected.

If the Realtor is unclear as to whether an advanced payment of their commission is a deposit or a partial payment, they can receive a ruling from the CRA.

## PST

The seven per cent Provincial Sales Tax (PST) doesn't apply to sales of real property. The PST applies to construction inputs that are used to construct or improve real property.

The PST doesn't apply to Realtor commissions and fees. PST does apply to legal and notary fees.

Learn more:

[Provincial PST Bulletin No. 501, Real Property Contractors](#) (December 2017)

Questions about the GST? Phone CRA's GST/HST ruling line: 1-800-959-8287

For questions about this Fact Sheet, contact Harriet Permut, government relations manager, 604-730-3029 or [hpermut@rebgv.org](mailto:hpermut@rebgv.org).