

Benefits of Harmonized Sales Tax

Benefits for Home Buyers

Currently, new homes in B.C. are subject to the GST, and also carry an estimated two per cent embedded tax as a result of the PST paid on most construction materials.

Under the proposed Harmonized Sales Tax, new homes will be subject to the HST but the embedded PST will be eliminated because builders will be able to recover the tax paid on materials through input tax credits.

Used homes will not be subject to the HST.

An essential part of the BC HST will be a tax rebate for new homes.

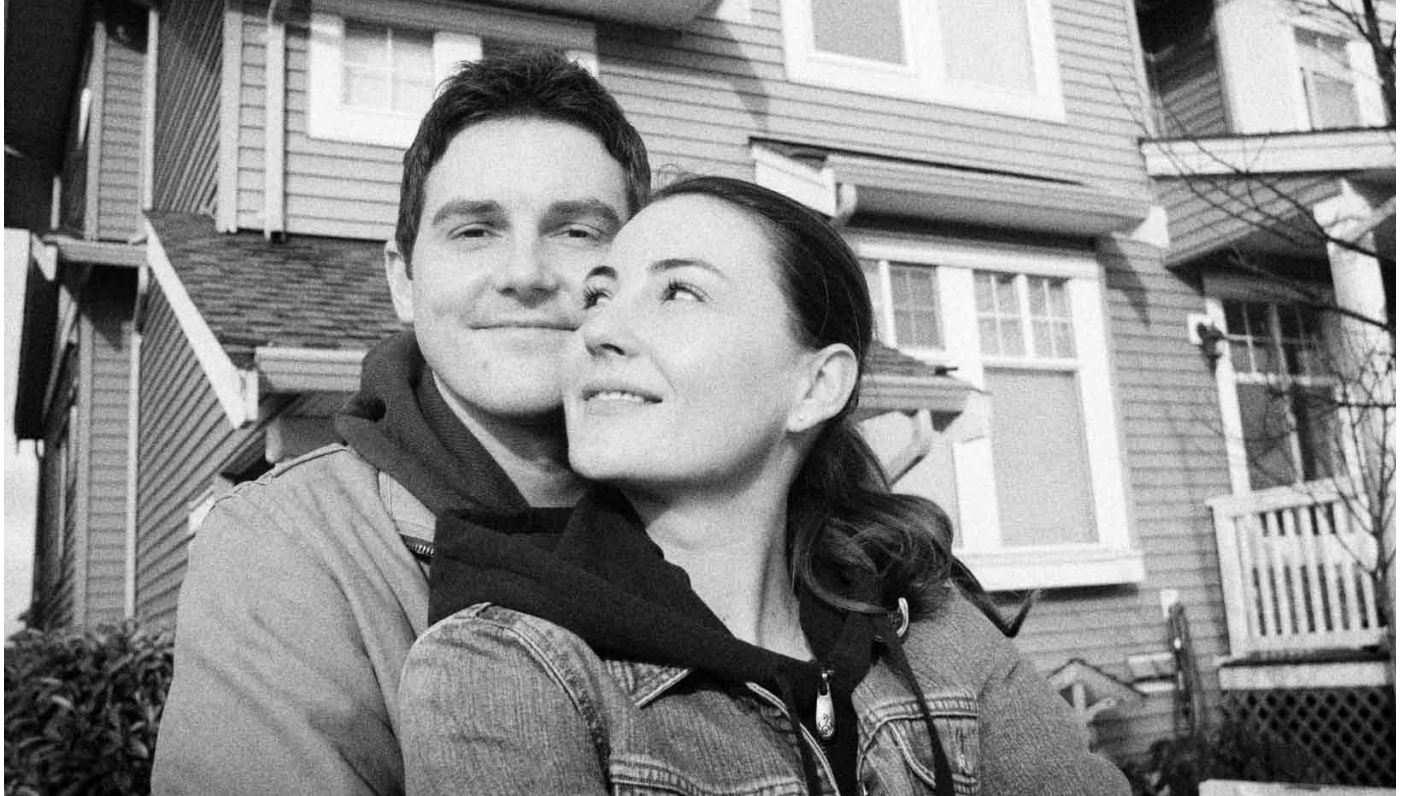
- A rebate of up to \$26,250 will ensure that purchasers of new homes up to \$525,000 do not pay more tax due to harmonization than is currently embedded in the price of a new home.
- New homes above \$525,000 will be eligible for a \$26,250 rebate.
- This enhanced rebate represents a 30 per cent increase in the threshold and maximum rebate available.

- New home sales will be subject to the HST
- Sales of used homes will not be subject to HST.

The Province is also proposing an enhanced rebate for new rental housing, similar to the enhanced rebate for new homes, to support the construction or substantial renovation of affordable rental housing in B.C.

- The new rental housing rebate would ensure that, on average, new rental housing up to \$525,000 would not be subject to any more tax due to harmonization than is currently embedded as PST in the price of new rental housing.

We will also provide a provincially-administered point-of-sale rebate for residential energy, ensuring the HST will not increase consumers' costs for oil, electricity, natural gas or propane used to heat or power homes.



For more information on the Harmonized Sales Tax, please visit:
<http://www.gov.bc.ca/hst>