

Land Transfer Rebate Program Becomes Permanent

The Land Transfer Tax refund program for first-time buyers of newly built homes program was introduced in 1996 as a temporary measure to stimulate the housing industry and then extended year after year until this past Spring, when it was made permanent.

Only individuals who are at least 18 years of age, have not owned an interest in a home anywhere in the world and whose spouse, (as defined in section 29 of the Family Law Act), has not owned an interest in a home anywhere in the world while he or she was a spouse of the individual, qualify as first time purchasers (home as used in this paragraph means the same as eligible home as defined in the Ontario Home Ownership Savings Plan Act).

In order to qualify for a refund the first time purchaser must be purchasing a newly constructed home or an interest in a newly constructed home. A newly constructed home is one in respect of which the first time purchaser is entitled to a warranty under section 13 of the Ontario New Homes Warranties Plan Act and which is sold to the first time purchaser by a vendor as defined in that Act. This newly constructed home must also be used as the principal residence of the first time purchaser.

The amount of the refund will be the entire amount of tax paid or payable, up to a maximum of \$2,000. If you own less than 100 per cent interest in the newly-built home, the amount will be reduced and calculated according to the amount of interest in the home. For example: If you own 100 per cent of your new home and you paid \$250,000, the amount of Land Transfer Tax payable is \$2,225. You will receive a refund of \$2,000. If however, you owned 50 per cent interest in your home, the amount will be 50 per cent of \$2,000, or \$1,000.

The refund is not available if the first time purchaser has received an OHOSP based refund of land transfer tax under section 9 of the Land Transfer Tax Act and vice versa. If an individual qualifies for this refund as well as the OHOSP based refund, it will be up to the first time purchaser to decide which to claim. He or she can claim either but not both.

Applying for the Refund

The applicant can receive a same-day refund of the Land Transfer Tax by filing an affidavit for refund at the Land Registry Office at the time of registration. If you do not apply for a refund at the time of registration, you will be able to apply for the refund by contacting the Ministry of Finance.

You can call the Ministry's toll-free information line at 1-800-263-7965 (all areas of Ontario) or (French language inquiries) 1 -800-668-5821

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