

February 17, 2012

Government announces new HST/PST housing transitional rules

The government today announced the HST/PST transitional rules on new homes. As the province transitions back to the PST, which will replace the HST effective April 1, 2013, measures to ease the HST burden on new home buyers include:

- The BC New Housing Rebate threshold will increase to \$850,000 from \$525,000, so that more than 90% of newly built homes will now be eligible for a provincial HST rebate effective April 1, 2012.
- The maximum rebate will increase to \$42,500 from \$26,250 effective April 1, 2012.
- Buyers of new secondary vacation or recreational homes outside the Greater Vancouver and Capital Regional Districts priced up to \$850,000 will now be eligible to claim a provincial grant of up to \$42,500 effective April 1, 2012.
- For newly built homes where construction begins before April 1, 2013, but ownership and possession occur after, purchasers will not pay the 7% provincial portion of the HST. Instead, purchasers will pay a temporary, transitional provincial tax of 2% on the full house price.

HST/PST transition rules will help ensure that whenever purchasers buy a new home they will all pay a consistent and equitable amount of tax, whether the home is built:

- entirely under the HST;
- entirely under the PST; or
- partly under HST and partly under the PST.

The temporary housing transition measures will be in place until March 31, 2015. The tax only applies to homes where construction begins before the transition date and ownership and possession occur after.

For more information, visit the BC Ministry of Finance at: www.pstinbc.ca

To read the Ministry of Finance announcement: www.newsroom.gov.bc.ca/2012/02/transition-measures-support-new-home-buyers-builders.html

Source: Real Estate Board of Greater Vancouver



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