

Some Condominium Purchasers Could Lose Their HST Rebate

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In today's real estate landscape, it's not uncommon for a condo purchaser to purchase in June and close even one year later. It's also not uncommon to have a time gap between the closing date and the move in date. So much so, that a buyer might decide to rent out the property prior to moving in. This is a sure way to forfeit the HST rebate that would normally be available to a new buyer.

The fact is, whether the HST rebate is built into a purchase price or not, the condominium must be used as a primary residence – in other words, it cannot be rented or leased out for at least one year after closing. Without taking occupancy, purchasers are not eligible for the HST rebate, and Canada Revenue Agency will likely demand a repay of the entire [HST rebate](#) (often substantial).

This eligibility problem also results when a condo property is sold, prior to one year, and without moving in. In some cases, when the property is sold quite quickly, CRA might challenge the owner on that basis, and there's a risk of being disqualified for the HST rebate. However, when there are specific or unique circumstances, a purchaser should be well prepared to appeal the decision.

A condo buyer who takes title with a close relative (spouse, parent, sibling) in order to secure a mortgage qualifies for an HST rebate. This is not the case for other relatives, friends, or business contacts that sign on title. Indeed, condo buyers who received a rebate, and subsequently failed to qualify, will inevitably receive a CRA request to pay back the entire amount of the HST rebate.

There is good news for condo buyers who want to rent or lease their property without moving in. Here, CRA offers an HST rebate program designed for landlords. This could be a somewhat more complicated process, primarily because a condo builder may be involved, as well as a real estate agent. This is where a reliable rebate specialist would be an advantage with the application.

Today, with so much activity in the real estate environment, many people are trying to get in on the action – committing to a small down payment, waiting for their property to be built, and fully intending to rent out the property, or “flip it” in order to capitalize on the accrued value. Once again, a good rebate specialist can help keep things on track, ensuring satisfaction for CRA.

Whatever the property circumstances, dealing with CRA and steering around a rebate application can be stressful. However, with a reliable rebate specialist, many of the challenges are reduced. HST rebate specialists have an in-depth understanding of tax law. And because they deal with CRA on a regular basis, they understand the ins and outs of HST applications. A reputable rebate specialist will handle an application from start to finish, addressing all of the preconditions, and

without making costly mistakes that could jeopardize a rebate.