

# HST New Housing Rebate on Pre-construction Homes

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Homebuyers considering the purchase of a pre-construction property (or newly built property) are sometimes confused about the [HST rebate in Ontario](#) as well as the HST Rebate on home renovations. Because of the confusion, there are myriad questions that arise. Who actually pays the HST on a new home? How is the HST rebate in Ontario calculated? How does one qualify?

To better understand the HST Rebate in Ontario (and the [HST Rebate on home renovations](#)) it's a good idea to grasp the facts and figures. However, it's always wise to consult a lawyer and/or accountant when engaged in a real estate transaction. For some, it's valuable to work with an HST Rebate professional in preparing the proper paperwork and submitting the rebate claim on time.

## ***Who is Entitled to an HST Rebate?***

Buyers who are purchasing a "pre-construction" unit (most typically a condo) are entitled to an HST rebate. As well, homeowners who are "substantially" renovating their property are eligible for an HST Rebate on home renovations. Guidelines are stipulated by the Canada Revenue Agency.

- end-users (and investors) who are purchasing a pre-construction property
- homebuyers who are purchasing a newly-built residence (never occupied)
- homeowners who are "substantially" renovating their existing residence
- individuals who have undertaken to build a brand-new home themselves

## ***End-user Application for HST Rebate***

If you're going to move in and live in your new property you will be applying for the New Home Rebate. You will receive an HST rebate when you (or a blood relative) fully occupy the property as a "principal resident" for the first year at minimum.

In most cases, particularly with a pre-construction condo, the HST rebate will be incorporated into a so-called "discounted purchase price". Most condominium developers have factored the HST rebate into their prices as purchases shop around.

## ***Canadian or Foreign Investors Rebate***

Real estate investors (whether Canadian or foreign) are eligible to receive an HST rebate known as the New Residential Rental Property Rebate. Investors must provide a one-year agreement to lease so as to prove the lease intention of the new home.

Unlike the end-user New Home Rebate, investors actually pay the entire HST amount upfront and then receive their rebate after providing proof of the lease agreement. Investors are obligated to lease the new property for the first 12 months (minimum).

## ***How Much is the Entire HST Rebate?***

In Ontario, the Harmonized Sales Tax (HST) on a new home totals 13% - that's 5% of GST and 8% of PST. The HST rebate program allows new homebuyers to claim a significant portion of that HST in the rebate form.

A new property under \$350,000 is eligible for a rebate maximum of \$30,000. From \$350,000 to \$450,000 a sliding scale is used. And for properties more than \$450,000, the maximum rebate claim is \$24,000.

## ***Working with a Rebate Specialist***

In Toronto and throughout the GTA, Rebate4U specializes in HST rebates from Canada Revenue Services. Our in house specialists work with you to streamline the application process and ensure that the proper paperwork is appropriately submitted by the deadline.

With Rebate4U, you're assured of comprehensive service – from the moment we submit your initial application, to any follow-up with CRA representatives, to troubleshooting problems that may arise. Call us directly at 1-800-610-4510 or visit [www.rebate4u.ca](http://www.rebate4u.ca) .