

HST Property Rebates Do Not Include Third Parties

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HST property rebates can sometimes bounce back on an unsuspecting homebuyer. In some cases, buyers of new homes and condos could be asked by Canada Revenue Agency to repay their HST rebate – and sometimes in very large amounts. It happens when a third party has been put on property title in addition to the primary buyer. This might be for co-signing purposes, or for mortgage qualification, but whatever the case, third parties on title could disqualify a rebate.

By the rules, even if one person on title doesn't qualify for an HST rebate, then everyone on title is disqualified. For example, CRA could very easily demand their rebate money back simply because a third party was registered on title as a 1% owner of the property. And quite innocently, it was done to ameliorate the mortgage qualification. Because that one person on title does not qualify, the entire HST rebate claim is disqualified, hence the request to return the HST rebate in full.

Without getting overly complicated, the tax law dictates that if one person on title doesn't define the home as a primary residence, then the rebate is disqualified as a whole. In general, HST rebates are allocated for homes or condos that will be used as a primary residence for the titled purchaser - or for a close relation. Further, the tax law dictates that a close relation is a blood relation, like a child, grandchild, brother, sister, or a married partner (also [common-law](#)).

And this is where the problem arises - cousins, aunts, uncles, nephews, and nieces do not qualify as blood relations, let alone a close friend or business associate. So if any of these are signed on title, even with as little as 1% interest, the entire rebate is ineligible. For those who did receive an HST rebate when the property closed, CRA will ask for a pay back, and most likely with interest. As insignificant as this may seem, there's no substitute for being extra careful with rebates.

Unfortunately, a lost HST rebate can be quite substantial. When the federal portion of HST is added to the provincial portion, this could total in the tens of thousands. With a sudden request for pay back from CRA, it could be quite a bite out of the budget. The truth is, tax regulations are clearly defined – but mistakes and oversights do happen. And this is exactly why the services of a reputable HST rebate company could be valuable – no mistakes, no surprises, and no regrets.

Dealing with Canada Revenue Agency, and navigating through the HST rebate process, can be a stressful experience. But with a rebate professional on hand, many of the challenges can be circumvented. HST experts understand the fine points of tax law. They have dealings with CRA on an ongoing basis; and they don't make the kinds of mistakes that a typical homebuyer might. A good rebate specialist will manage the entire HST rebate process from start to finish.