

What You Need to Know About the Foreign Buyers Tax Rebate

Categories : [Housing market news](#), [NRST Tax](#), [Rebate Blog](#)

In Ontario, the Non-Resident Speculation Tax (also referred to as the NRST tax) targets foreign homebuyers. Essentially, this is a foreign buyers tax, with a tax rate of 15% on the purchase or acquisition of a residential property. The property in question must be located in the Golden Horseshoe area of Ontario.

What's important to know with the NRST tax is that foreign nationals could be eligible for a tax rebate. In general, foreign nationals who do not satisfy exemption criteria would have to pay the foreign buyers tax. In most cases, Canadian Citizens and/or Canadian Permanent Residents would be exempt from the tax.

What is the Non-Resident Speculation Tax?

In 2017, the Ontario Government began implementing a [15% tax on foreign nationals](#) who were purchasing a residential real estate property. The tax was designed to “cool down” an otherwise overheated real estate market in the GTA (Greater Toronto Area).

The 15% tax applies specifically to individuals who are not Canadian Citizens or Permanent Residents of Canada. The tax would also apply to foreign corporations and taxable trustees. These resident categories are defined in the Ontario government's legislation.

Currently, the tax applies to residential real estate that's being purchased throughout the Greater Golden Horseshoe region of Ontario. For those who want to claim a tax rebate, the application is made through the Ontario Land Transfer Tax Rebate program.

Foreign nationals who paid the Non-Resident Speculation Tax on a real estate transaction could be eligible for a full rebate under certain circumstances. To fully qualify for a rebate, the foreign national must abide by specific rules and regulations as defined.

Who is required to pay the Foreign Buyers Tax (NRST tax)?

If a property is purchased in partnership with a foreign national who does not have a tax exemption, the Non-Resident Speculation Tax must still be paid. This will also apply when partnership includes a Canadian Citizen, Permanent Resident, or a foreign national who has no tax exemption).

Simply put, if a partner in a real estate transaction has a tax exemption, but another partner in the transaction does not, the Non-Resident Speculation Tax is still fully payable. As well, there is no

reduced tax amount based on the interest of a foreign national (the one who has no tax exemption).

If you are contemplating the purchase of a property in Ontario (specifically in the Golden Horseshoe area), and you're not sure about paying the Non-Resident Speculation Tax, it's a good idea to work with a tax expert (who can also assist in claiming a rebate once the tax has been paid).

Tax rebate applications can be submitted to the Ontario Land Transfer Tax Rebate program. Supporting documentation must be supplied to substantiate the real estate purchase and the parties involved. Here again, with all the rules and regulations, a tax rebate expert may be valuable.

Who qualifies for the Non-Resident Speculation Tax Rebate?

A foreign national who may have paid the Non-Resident Speculation Tax on a real estate purchase, may be eligible for a [tax rebate](#) with the right pre-requisite qualifications:

1. If they become a Canadian Permanent Resident within a four-year period of the real estate purchase or acquisition (in other words the "closing date").
2. If they are a full time student enrolled continuously for a period of two years or more in an institution that is "approved" (the campus is located in Ontario).
3. If they are legally working full time in Canada, and have worked continuously for a year or more, and have worked under a work permit that is effective.

In addition to the above, foreign nationals seeking a rebate must comply with the following:

- Hold the property exclusively, or hold the property with a spouse exclusively
- Occupy the property as a principal residence from at least 60 days after closing
- Apply for the rebate within four years after the closing date of the transaction.

How do I apply for the Non-Resident Speculation Tax Rebate?

All rebate applications and submissions must be made using the Ontario Land Transfer Tax Rebate Form. Supporting documents are required to substantiate the application. In the event that the original tax was improperly paid or overpaid, it's possible to apply for a refund using the Ontario Land Transfer Tax Rebate form.

In Ontario, land transfers are subject to an audit. This would include circumstances where a Canadian Citizen or Permanent Resident might hold a property in trust for a foreign entity. This

would also include circumstances where an individual would undertake to avoid the Non-Resident Speculation Tax (with penalties to be paid).

The Ministry of Finance (Ontario) has very extensive parameters and guidelines when it comes to paying the Non-Resident Speculation Tax. There are equally extensive requisites when claiming a rebate. For many, this is an appropriate time to seek the expertise of a tax specialist with expertise in real estate transactions.

The experts at REBATE4U will ensure the highest possible rebate

For real estate investors of all types, REBATE4U can be a valuable asset. We help you to figure out your eligibility for a specific tax rebate, and we help you to make the application in a timely manner. Our in-house experts understand all of the government guidelines, rules and regulations. We streamline the application process for a stress free experience.

Every rebate claim requires supporting paperwork and documents. In fact, any mistakes or oversights might delay a claim and even result in a denial. When you work with REBATE4U, your rebate application is properly completed and appropriately filed. We submit the entire application on your behalf, and handle any issues and/or problems that might arise.

At REBATE4U, our in-house tax specialists provide a streamlined application process, with minimal stress to the applicant. You can find out more by calling 1-800-610-4510 or visiting our company website at <https://www.rebate4u.ca>. One of our experts will be in touch to discuss your tax rebate questions, and to help out with your particular application.