

## Information about the GST on new housing

The five per cent Goods and Services Tax (GST) applies to the purchase price of [new residential homes](#) in BC, including:

- a newly built home;
- a substantially renovated home;
- a presale condominium or townhome;
- an assignment of the contract for a new home;
- a new mobile or floating home; and
- vacant land.

If your client buys a new home, they will pay the five per cent GST at completion, as per the contract of purchase and sale. The home can be fee simple or on leased land.

First Nations may charge their own GST. For example, the Tsawwassen First Nations levies a First Nations GST.

Property that has already been used for residential purposes is GST exempt. The GST should have been paid when the property was new.

### Learn more

[Real property and the GST/HST](#)

[Sale and building of leased land](#), Section 40

[First Nations Goods and Services Tax Act](#) (includes a list of First Nations which charge FNGST)

[Tsawwassen First Nation implements the First Nations Goods and Services Tax Act](#)

### GST New Housing rebate

If your client buys a newly built residential property, the builder must collect and remit the GST on the sale. The buyer then applies for a GST rebate. The buyer should keep all paperwork that proves the GST has been paid in case there is a question later.

Your client may be eligible for a GST rebate under these circumstances:

- They buy, as their primary residence, a new home priced up to \$450,000. The rebate is equal to 36 per cent of the five per cent GST paid on the first \$350,000 of the price of a new home. The GST rebate is phased out for homes priced between \$350,000 and \$450,000. New homes priced at \$450,000 and above receive no GST rebate.
- They buy a substantially renovated home in which all or, substantially all, of the existing building has been removed or replaced.
- They build or substantially renovate their own primary residence and the [fair market value](#) of the home (not what it cost to build) is no more than \$450,000.

### Learn more

[CRA GST New Housing Rebate](#)

[CRA Guide RC4028, New Housing Rebate](#)

[CRA GST Rebate for owner-built homes](#)

### GST on renovations/rebuilds

If your client buys a home and tears it down or substantially renovates and rebuilds it, they must pay the GST because the home is considered

to be a new home for GST purposes. The owner is considered a “builder” who has repurchased the new home at its fair-market value. The owner must self-assess the GST and remit it to the CRA when construction is completed. The owner may be eligible for a GST rebate.

### Learn more

[CRA Substantial renovations and the GST/HST new housing rebate](#)

### The GST and presale agreements

The five per cent GST is due when ownership and possession take place.

Under a presale agreement, the GST on the deposit amount isn't payable when the deposit is made. Instead, the buyer pays the full amount of GST owing when the deal completes and they take ownership and possession.

However, under a presale agreement, if the buyer makes partial payments following the deposit, but before ownership and possession occur, the buyer must pay GST on each partial payment to the builder. When the deal completes and they take ownership and possession, the buyer pays the remaining amount of the GST.

### GST on assignment sales

GST is applicable on all assignment sales of new or substantially renovated homes. Previously, an assignor may not have paid the GST on the assignment amount if they intended to reside in the property as their principal residence. However, under new rules, the GST is now payable by the assignor on any assignment amount.

The assignor is required to pay GST on the assignment amount, commonly called the lift.

GST is not payable by the assignor on the total purchase price as the developer received the GST on the original purchase price portion and will be required to remit that.

GST is also not payable on the return of the deposit amount as this amount is not income.

### Example

For an example, let's look at a residential pre-sale with an original purchase price of \$800,000 and an assignment purchase price of \$900,000, between a developer (who is a GST registrant) and an assignor and buyer who are not GST registrants.

The buyer/assignee would pay:

- Original purchase price: \$800,000
- GST on purchase price: \$40,000
- Assignment amount: \$100,000

The assignor would receive:

- Assignment amount: \$100,000
- Brokerage commission, as applicable
- GST on Assignment amount
- Income tax on assignment amount

The assignor, following receipt of the assignment amount (which will include both the GST and Income Tax portions payable), will need to engage an accounting firm to make this payment to Canada Revenue Agency (CRA) within 30 days of the completion date of the transaction.

## Learn more

[Federal Budget 2022: taxation of property flipping. GST and Assignment Sales](#), BC Real Estate Association

CRA, [Assignment of a purchase and sale agreement for a new house or condominium unit](#).

## Vacant Land

The five per cent GST is applied to the sale of vacant land if:

- the land is purchased from a developer;
- the land was used for business purposes at any time in the past, even if the land was purchased from an individual;
- the land was subdivided into more than two lots (three or more), even if the land was purchased from an individual; or
- the land is capital property used primarily in a business.

## Learn more

[CRA Sales of vacant land by individuals](#)

## GST and new manufactured buildings and floating homes

There are three types of manufactured buildings:

- manufactured portable buildings – includes floating homes and commercial use buildings, for example, construction site office;
- manufactured mobile homes – a house trailer parked in one place, used as a permanent living accommodation; and
- manufactured modular homes – a prefabricated home that consists of multiple sections or modules that are joined together on-site on a foundation to make a single building.

If your client buys a newly constructed or substantially renovated mobile home or floating home, they will pay the five per cent GST and can claim applicable rebates.

When leasing a new manufactured building, the GST applies only to the lease of a new manufactured portable building used for commercial use.

## GST and used manufactured buildings

If your client buys or leases a used manufactured building for residential use, the GST does not apply to the sale.

However, if your client purchases or leases a used manufactured building for commercial use, then the GST does apply.

## Shares in a co-op

If your client bought shares in a co-operative housing complex for use as a primary residence, your client may qualify for a GST rebate.

## Learn more

[CRA Rebate for cooperative housing](#)

[CRA GST525 Supplement to the New Residential Property Rebate Application – Co-op and Multiple Units](#)

## GST and vacation property

Vacation property is property bought by an individual for personal use, short-term rental use (less than one month), or a combination of these two.

Vacation property includes detached and semi-detached houses, rowhouses and townhouses, and condominiums.

Generally, if your client buys a new vacation property, they'll be required to pay the GST if the property is not used primarily (more than 50 per cent) as the vendor's primary residence and all or substantially all (90 per cent or more) of the rentals of the property are for periods of less than 60 days.

If your client plans to buy a vacation property and rent it as a short-term rental, they must register for the GST and get professional tax advice.

Read: [The GST/HST and the Purchase, use and Sale of Vacation Properties by Individuals](#).

## GST and commercial property

Commercial properties are subject to the GST.

## Learn more

[CRA Commercial real property – sales and rebates](#).

## Exemptions

Residential property exempt from the GST includes:

- the sale of an owner-occupied home if the home is bought and used primarily (more than 50 per cent) for personal use;
- used residential rental property for rent for periods of more than 30 days;
- the sale of a builder's personal residence; or
- a residential property converted to an office – for example, an entire house converted to a dentist's office.

## Removal of GST on new rental construction

The removal of GST will apply to new purpose-built rental housing, such as apartment buildings, student housing, and senior residences built specifically for long-term rental accommodation.

The GST Rental Rebate increases to 100 per cent from 36 per cent and removes the existing GST Rental Rebate phase-out thresholds for purpose-built rental housing projects. The enhanced GST Rental Rebate applies to projects that began construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035.

## Learn more

CRA, [Enhanced GST rental rebate to build more apartments for renters](#)

## Commissions and fees

### When is the commission/fee payable?

The standard multiple listing contract advises that the commission or fee is payable on the earlier of the following:

- the completion date under the Contract of Purchase and Sale; or
- the actual date that the sale completes.

If you have questions, contact the GST office at 1-800-959-5525.

## PST

The seven per cent Provincial Sales Tax (PST) doesn't apply to sales of real property. The PST applies to construction inputs that are used to construct or improve real property.

The PST doesn't apply to REALTOR® commissions and fees. PST does apply to legal and notary fees.

## Learn more

[Provincial PST Bulletin No. 501, Real Property Contractors \(June 2022\)](#).

Questions about the GST? Call 1-800-959-5525 or the GST/HST ruling line: 1-800-959-8287.

For questions about this fact sheet, contact Harriet Permut, director of government relations at [hpermut@gvrealtors.ca](mailto:hpermut@gvrealtors.ca).