



First Time Home Buyer's GST Rebate

What is it?

One of the Liberal government's objectives is to improve affordability of housing and stimulate construction of new housing. To that aim, on May 27, 2025, the Federal government proposed legislation to create a new rebate to help first-time home buyers. It allows eligible buyers to reclaim **all the federal GST** paid on a new home priced up to **\$1 million** - that means up to **\$50,000** in tax savings. For homes priced between **\$1 million and \$1.5 million**, the rebate phases out in a linear manner. For example, a home valued at \$1.25 million would be eligible for a 50% GST rebate (a rebate of \$25 000). Homes priced at **\$1.5 million or more get no rebate**.

The legislation hasn't been passed by parliament yet; however, individuals and builders should familiarize themselves with the eligibility criteria. Once the law receives royal assent, it will be effective as of May 27, 2025.

Who qualifies?

To be eligible, you must:

- Be **18 or older**, and a Canadian citizen or permanent resident.
- Be a **first-time home buyer**, meaning neither you nor your spouse/common-law partner has lived in a home you owned in the current or past four calendar years.
- Use the home as your **primary place of residence**.
- If there are multiple buyers, at least one of the buyers must qualify as a first-time home buyer and must be the first occupant. Presumably, this is to deal with situations such as where a parent is required to purchase the home with their adult child for financing purposes.

What types of homes qualify?

- **New homes from a builder**, including those on leased land.
- **Owner-built homes**, where you (or a contractor) build on your land.
- **Co-op housing shares**, if the co-op paid GST/HST.

[continued...]

Timing rules

To qualify:

- The **purchase agreement** must be entered into with the builder on or **after May 27, 2025**, and **before 2031**;
- Construction must **start before 2031** and be **substantially completed by 2036**; and
- Legal title transfer must occur by **2036**.

Any agreement signed **before May 27, 2025**, even if altered or renewed later, will **not qualify**.

Limitations

- An individual cannot claim the rebate more than once in their lifetime.
- An individual cannot claim the rebate if their spouse or common-law partner previously claimed it.
- **Where there is an assignment of the agreement of purchase and sale, the assignee assumes the rights and obligations of the assignor. Therefore, the rebate would not be available if that original agreement of purchase and sale were entered into before May 27, 2025.**
- If an agreement of purchase and sale for a new home was originally entered into before May 27, 2025, and the agreement is subsequently cancelled and a new agreement of purchase and sale is entered into (or the agreement is varied or altered to effect that outcome), the rebate will be disallowed.

Claiming the rebate

- If builders credit the rebate from the purchase price, in exchange for the assignment of the rebate rights from the buyer, they should be aware that they assume the risk if the buyer does not qualify for the rebate. It may be difficult for builders to ascertain that the conditions are met.
- If the builder doesn't credit the rebate, the buyer must pay the GST upfront at closing and then apply to the CRA for a refund.



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