

# HST DECODED

## A short note about PTT

PTT still applies to all sales regardless of dates; PTT rules are not affected in any way by the introduction of HST.

## HOW TO USE THIS GUIDE

1. Determine which tax applies, based on the chart below:

DATE OF CONTRACT	DATE OF COMPLETION OR POSSESSION	TAX APPLICABLE	SEE SCHEDULE
November 18 2009 or earlier ("Grandparenting")	No restrictions	GST only (5%)	A
November 19, 2009 or later	Before July 1, 2010	GST only (5%)	A
	After July 1, 2010	HST (12%)	B

2. Look at either Schedule A or B below to calculate taxes

*Information, strategies and opinions contained in this newsletter are provided for general information and convenience only. Since the particulars of each situation may differ and information may change rapidly, the reader should seek specific, appropriate, qualified professional advice before acting based upon any information provided by Drysdale Bacon McStravick.*

**SCHEDULE A****COMPLETIONS OR POSSESSIONS WHERE ONLY GST (5%) APPLIES**

PTT for FTHB exempt under \$425,000; phased out between \$425,000 and \$450,000; NIL over \$450,000

GST Rental and Residential Rebates at 36% of GST payable under \$350,000; Phased out between \$350,000 and \$450,000; NIL over \$450,000

**TABLE A**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>A + C - D</b>
<b>PRICE</b>	<b>PTT</b>	<b>PTT REBATE if FTHB</b>	<b>GST (5%)</b>	<b>GST REBATE (Rental or residential)</b>	<b>TOTAL TAX PAYABLE</b>
\$300,000	\$4,000	<b>(\$4,000)</b> <b>(100%)</b>	\$15,000	<b>(\$5,400)</b> <b>(36%)</b>	
\$350,000	\$5,000	<b>(\$5,000)</b> <b>(100%)</b>	\$17,500	<b>(\$6,300)</b> <b>(36%)</b>	
\$425,000	\$6,500	<b>(\$6,500)</b> <b>(100%)</b>	\$21,250	<b>(\$1,912.50)</b> <b>(25% of 36%)</b>	
\$450,000	\$7,000	<b>Nil</b>	\$22,500	<b>Nil</b>	
\$525,000	\$8,500	<b>Nil</b>	\$26,250	<b>Nil</b>	
\$1,000,000	\$18,000	<b>Nil</b>	\$50,000	<b>Nil</b>	

**SCHEDULE B****COMPLETIONS OR POSSESSIONS WHERE HST (12%) APPLIES**

PTT for FTHB exempt under \$425,000; phased out between \$425,000 and \$450,000; NIL over \$450,000

GST Rental and Residential Rebates at 36% of GST payable under \$350,000; Phased out between \$350,000 and \$450,000; NIL over \$450,000

Provincial Portion of HST (7%) rules apply; Rebates are to give purchasers a break on the PST such that no MORE provincial sales tax is paid than is currently embedded in the price of new homes.

**TABLE B**

	A	B	C	D	E	F	A+C-D+E-F
PRICE	PTT	PTT REBATE if FTHB	GST (5%)	GST REBATE (Rental or residential) (36% of 5%)	PST (7%)	PST REBATE (71.43% of 7% max \$26,250)	TOTAL TAX PAYABLE
\$300,000	\$4,000	(\$4,000) (100%)	\$15,000	(\$5,400) (36%)	\$21,000	(\$15,000)	
\$350,000	\$5,000	(\$5,000) (100%)	\$17,500	(\$6,300) (36%)	\$24,500	(\$17,500)	
\$425,000	\$6,500	(\$6,500) (100%)	\$21,250	(\$1,912.50) (25% of 36%)	\$29,750	(\$21,250)	
\$450,000	\$7,000	Nil	\$22,500	Nil	\$31,500	(\$22,500)	
\$525,000	\$8,500	Nil	\$26,250	Nil	\$36,750	(\$26,250)	
\$1,000,000	\$18,000	Nil	\$50,000	Nil	\$70,000	(\$26,250)	

If you are under \$525,000, your purchaser will effectively pay GST (with rebates, if applicable) + 2% of the original purchase price (PST).

If you are over \$525,000, your purchaser will pay 12% HST less \$26,250.