



MINISTRY OF FINANCE

NEWS RELEASE: ONTARIO EXPANDS LAND TRANSFER TAX REFUND PROGRAM

For Immediate Release

December 13, 2007

ONTARIO EXPANDS LAND TRANSFER TAX REFUND PROGRAM ***First-time buyers of resale homes to benefit from new tax measure***

TORONTO – The McGuinty government is giving all first-time homebuyers a break on land transfer tax by proposing to expand the Land Transfer Tax Refund Program to include purchases of resale homes, Finance Minister Dwight Duncan announced today.

"Expanding this Land Transfer Tax refund is an important part of our government's commitment to helping Ontarians buying their first home," Duncan said.

Effective midnight tonight, first-time buyers of resale homes, as well as newly constructed homes, would be eligible for a refund from the provincial government of up to \$2,000 of the Land Transfer Tax paid.

The expanded Land Transfer Tax Refund Program for First-time Homebuyers is part of a package of new tax initiatives announced in the 2007 Fall Economic Outlook and Fiscal Review that would provide \$1.4 billion in provincial tax relief for business and people over three years. The government is making strategic investments in people, communities and infrastructure to strengthen Ontario's economic advantage and help manufacturers and other sectors challenged by current economic conditions.

For more information consumers can call: 1-800-263-7965

Details about the proposed expansion of the land transfer tax first-time home buyers refund to include resale homes

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Ministry of Revenue
 Tax Compliance and
 Regional Operations Branch
 Land Taxes Section
 33 King Street West
 PO Box 625
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Ontario Land Transfer Tax Refund Affidavit
For First-Time Purchasers of Eligible Homes
(Resale)

Land Transfer Tax Act

Registration No.
Date

Ce formulaire est disponible en français

Please refer to instructions on reverse.

In The Matter Of The Transfer Of (insert brief legal description of land)

BY (print name of all transferors in full) _____

TO (print name of all transferees in full) _____

I/we, (print names of all first-time home purchasers in full)

make oath and say that:

- I/we are first-time home "purchaser(s)" as defined in the *Land Transfer Tax Act* (for definition of first time home purchaser, see reverse);
- I/we are acquiring an "eligible home" (for definition of eligible home, see reverse);
- I/we will occupy the "eligible home" as my/our principal residence on _____ (yyyy-mm-dd), which is within 9 months of the date of Conveyance or Disposition; and
- The Agreement of Purchase and Sale was entered into on _____ (yyyy-mm-dd) and, the total purchase price of the home, excluding GST, is \$ _____.

Ontario's Land Transfer Tax Calculation

A Land Transfer Tax Paid	B Land Transfer Tax Refund Claimed	C Net Land Transfer Tax Paid
\$ _____	\$ _____ (not to exceed \$2,000)	\$ _____ (A - B = C)

- I/we meet all of the above conditions and I/we accept this refund of \$ _____ granted under the Land Transfer Tax Refund Program for first-time home purchasers of eligible homes.

To be sworn in person by first-time home purchaser(s) before a Commissioner for taking Affidavits.

Sworn before me at the

in the

this _____ day of _____ 2.

 A Commissioner for taking Affidavits, etc.



Signature(s) of all first-time home purchasers

It is a serious offence to make a false affidavit. This affidavit is subject to audit and, where a person is not entitled to this refund, tax and interest will be assessed and a penalty may be imposed.

Spousal Declaration (To be completed when the spouse of a first-time home purchaser had owned a home previously, but sold it prior to becoming a spouse of the first-time home purchaser (for definition of spouse, see reverse).

I _____ have **not** owned an eligible home, anywhere in the world, since
Name of spouse
 becoming a spouse of _____ and we are spouses of each other as defined by
Name of first-time home purchaser
 s.29 of the *Family Law Act*.

 Signature of first-time purchaser

 Signature of spouse

Address of Home Purchased	Name(s) and Address(es) of Transferee's Solicitor
Telephone Number (Where you can be reached during working hours.)	Telephone Number of Solicitor

Instructions

Refund claims will be accepted directly by the Ministry but not issued until the proposed amendments become law. No refund shall be made unless it is applied for within 18 months after the date of the conveyance or disposition. All refund claims are subject to audit in accordance with the provisions of the *Land Transfer Tax Act*.

Transferor

Includes any person making a conveyance of land to a transferee.

Transferee

Includes a person to whom land is conveyed and any person whose interest in land is increased, created or given effect to as the result of a conveyance.

First-Time Home Purchaser(s)

To claim this refund, a transferee must be a first-time home "purchaser" as defined, that is, an individual:

- who is at least 18 years old;
- who has never owned an eligible home anywhere in the world; and
- whose spouse has not owned an eligible home anywhere in the world while he or she was a spouse of the individual.

Eligible Home

An "eligible home" is:

- a detached house;
- a semi-detached house, including a dwelling house that is joined to another dwelling house at the footing or foundation by a wall above or below grade or both above and below grade;
- a townhouse;
- a share or shares of the capital stock of a co-operative corporation if the share or shares are acquired for the purpose of acquiring the right to inhabit a housing unit owned by the corporation;
- a mobile home that complies with the Canadian Standards Association Standard CAN/CSA-Z240 Mobile Homes and is suitable for year round permanent residential occupation;
- a condominium unit;
- a residential dwelling that is a duplex, triplex or fourplex;
- a partial ownership interest as a tenant in common of real property if the ownership interest was acquired for the purpose of acquiring the right to inhabit a housing unit forming part of the real property;
- a manufactured home, as defined in clause 9.2(1.1)(i) of the *Land Transfer Tax Act*; or
- any other residential property as may be prescribed.

Date of Agreement of Purchase and Sale

The eligible home must have been purchased pursuant to an agreement of purchase and sale that was entered into after December 13, 2007.

Note: If the agreement of purchase and sale was entered into before December 14 2007, a refund can be granted only if the home is a "newly constructed home". See Tax Bulletin LTT 4-2003, *Refunds for First-Time Purchasers of Newly Constructed Homes*.

Occupation Requirements

The Purchaser must occupy the home as his or her principal residence no later than 9 months after the date of Conveyance or Disposition.

Total Purchase Price

The total purchase price is the total value of consideration. Please consult Tax Bulletin LTT1-2006, *Determining The Value Of The Consideration For Transfers Of New Homes*.

Ontario Land Transfer Tax Calculation

The land transfer tax payable is calculated at a progressive rate on the value of the consideration (purchase price) paid for the home. Use the following rates to calculate the amount of land transfer tax applicable to your purchase:

- 0.5% on the amount of the value of the consideration up to \$55,000
- 1.0% on the amount of the value of the consideration over \$55,000 to \$250,000
- 1.5% on the amount of the value of the consideration over \$250,000 to \$400,000
- 2.0% on the amount of the value of the consideration over \$400,000

Ontario Land Transfer Tax Refund Calculation

The Land Transfer Tax Refund is the amount of tax payable that is being claimed as a refund up to a maximum of \$2,000. The first-time home purchaser may claim the full maximum amount or a proportion of the maximum refund amount. For example:

- cost of home = \$100,000; land transfer tax payable = \$725; land transfer tax refund = \$725
- cost of home = \$200,000; land transfer tax payable = \$1,725; land transfer tax refund = \$1,725
- cost of home = \$300,000; land transfer tax payable = \$2,975; land transfer tax refund = \$2,000

The refund amount is reduced when one or more of the transferees are not first-time home purchasers. The reduction will be proportionate to the interest in land acquired by the individuals who are not first-time home purchasers. For example, a parent who is not a first-time home purchaser and child who is a first-time home purchaser, purchase a home with equal 50/50 interests, the son may claim 50% of the land transfer tax refund. The child's claim cannot exceed 50% of the maximum allowable refund, i.e., 50% of \$2,000.

Sworn Affidavit

Names of all first-time home purchasers who are claiming the refund should be listed on the affidavit and **all first-time home purchasers must sign the affidavit**. Transferees who are not first-time home purchasers cannot swear this affidavit and should only appear in the line requesting "print name of all transferees in full". The affidavit must be sworn in person by the first-time home purchaser(s) before a commissioner for taking affidavits. Please note that a person who holds a power of attorney cannot swear this affidavit on behalf of the first-time home purchaser(s).

Spousal Declaration

An individual who has not previously owned a home cannot claim to be a "first-time home purchaser" if his or her spouse owned a home while being the spouse of the individual. If the spouse of the individual owned a home previously, but sold it prior to becoming the individual's spouse, the spouse must sign the "Spousal Declaration". In addition to claiming a refund of land transfer tax in proportion to the interest in land acquired by himself/herself, a "first-time home purchaser" may also claim a refund with respect to the interest acquired by his/her spouse (who previously owned a qualifying home prior to the time he or she became the spouse of the purchaser and sold the eligible home prior to becoming the spouse).

Spousal Definition

For land transfer tax purposes, "spouse" is defined as in s.29 of the Family Law Act. "Spouse" means:

- either of two persons who are married to each other, and also includes
- either of two persons who have continuously cohabited for a period of not less than three years, or for a shorter period of time if they are the natural or adoptive parents of a child.

Enquiries

English (toll free) 1 800 263-7965 (Canada/U.S.)
Français (sans frais) 1 800 668-5821 (Canada et É.-U.)
Telephone: (905) 433-6343
Fax: (905) 433-5770
Ministry website www.rev.gov.on.ca

These instructions are intended to assist you in the completion of the Affidavit and do not replace the law under which the Land Transfer Tax Refund is administered; nor do they constitute a legal interpretation of the provisions of the *Land Transfer Tax Act* and the regulations made thereunder.



MINISTRY OF REVENUE

DETAILS ABOUT THE PROPOSED EXPANSION OF THE LAND TRANSFER TAX FIRST-TIME HOME BUYERS REFUND TO INCLUDE RESALE HOMES

December 2007

On December 13, 2007, proposed amendments to the *Land Transfer Tax Act* were announced in the 2007 Ontario Economic Outlook and Fiscal Review. The proposed amendments must be passed by the Legislature and receive Royal Assent to become law. This notice provides general information. It is not exhaustive and should not be considered as a substitute for the legislation.

Proposal to include Resale Homes

It is proposed that the Land Transfer Tax Refund Program for First-Time Homebuyers be expanded to include purchases of resale homes. The maximum refund would be \$2000.

Agreements After December 13, 2007

This proposal to include resale homes would be effective for agreements of purchase and sale entered into **after** December 13, 2007.


How to Claim the Refund Until the Proposed Amendments Become Law

Newly Constructed Homes

Eligible first-time homebuyers of **newly constructed homes** should continue to have their lawyers claim the refund under current procedures at the time of registration. See **Tax Bulletin LTT 4-2003 Refunds for First-Time Purchasers of Newly Constructed Homes**. The date the agreement of purchase and sale is entered into is not a factor with respect to newly constructed homes.

Resale Homes

Until the proposed amendments become law, the following applies to first-time homebuyers of resale homes applying for a refund:

- Land transfer tax must be paid at registration
- The following documentation must be submitted to the Ministry of Revenue at the address at the end of this notice:
 1. A properly completed form - **Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Eligible Homes (Resale)** 
 2. A copy of the registered instrument on which land transfer tax was paid (in the case of electronic registration, please include a copy of the docket summary which relates to the transaction);
 3. A copy of the agreement of purchase and sale (only those agreements of purchase and sale entered into after December 13, 2007 may qualify) along with a copy of the statement of adjustments.
- Refund applications on resale homes cannot currently be made electronically.

Refund to be Paid once Proposals become Law

Although eligible first-time buyers of resale homes may apply for the refund once the transaction has closed and the tax has been paid, the ministry would retain the refund requests for processing and would issue refunds if the proposed amendments become law.

Eligibility Requirements

Eligibility Requirements for Resale Homes and Newly constructed Homes

The following eligibility requirements are proposed to apply for resale homes, and continue to apply for newly constructed homes:

- The purchaser must be at least 18 years of age.
- Application for the refund must be made within 18 months after the date of the conveyance or disposition.
- The purchaser must occupy the home as his or her principal residence within 9 months of the date of closing.
- The purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world.
- A spouse of the purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world while he or she was the purchaser's spouse.

What is a Resale Home?

A resale home is referred to as an **eligible home** in the proposed legislation.

Proposed Definition of Eligible Home

It is proposed that **eligible home** be defined as follows:



- a. a detached house;
- b. a semi-detached house, including a dwelling house that is joined to another dwelling house at the footing or foundation by a wall above or below grade or both above and below grade;
- c. a townhouse;
- d. a share or shares of the capital stock of a co-operative corporation if the share or shares are acquired for the purpose of acquiring the right to in-habit a housing unit owned by the corporation;
- e. a mobile home that complies with the Canadian Standards Association Standard CAN/CSA-Z240 Mobile Homes and is suitable for year round permanent residential occupation;
- f. a condominium unit;
- g. a residential dwelling that is a duplex, triplex or fourplex;
- h. a partial ownership interest as a tenant in common of real property if the ownership interest was acquired for the purpose of acquiring the right to inhabit a housing unit forming part of the real property;
- i. a manufactured home that is manufactured in whole or in part at an offsite location, that is intended for basement installation, that is suitable for year round permanent residential occupation and that complies with,
 - i. the Building Code made under the *Building Code Act, 1992*;
 - ii. if the manufactured home is constructed in sections that are not wider than 4.3 metres, Canadian Standards Association Standard Z240.2.1 Structural Requirements for Mobile Homes and Canadian Standards Association Standard Z240.8.1 Windows for Use in Mobile Homes, or
 - iii. if the manufactured home is constructed in sections that are 4.3 metres or wider, Canadian Standards Association Standard A277 Procedure for Certification of Factory Built Houses; or
- j. any other residential property as may be prescribed.

How to Claim the Refund Once the Proposed Amendments Become Law

Electronic Land Registrations

For electronic land registrations, providing the proposed amendments have been passed and the electronic land registration system has been updated, all eligible first-time homebuyers would be able to claim an immediate refund at time of registration by completing the required statements under the explanation tab of the electronic affidavit.

Paper Registrations

If registering on paper, providing the proposed amendments have been passed, the immediate refund would be claimed by filing an **Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Eligible Homes (Resale)**  or an **Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Newly Constructed Homes**  at the Land Registry Office.

Please also see Information Notice issued December 2007 entitled **Proposed Amendments to the *Land Transfer Tax Act***. A further notice will be issued once the proposed amendments become law.

For More Information

Telephone enquiries

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Internet enquiries

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