

# Broker Sales

## HST – Real Estate Impact Examples

**May, 2010**

# HST Impact Examples

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## Example Facts:

- Purchase price \$600,000
- Real estate agent commissions (5%) \$30,000
- Mortgage \$400,000
- Legal fees for vendor and purchaser \$2,500
- Home inspection \$800

# HST impact on a Resale Home Purchase

|                                | Amount    | GST Pre-July 1, 2010 | ORST Pre-July 1, 2010 | Total taxes Pre-July 1, 2010 | HST Post-June 30, 2010 | Cost Difference |
|--------------------------------|-----------|----------------------|-----------------------|------------------------------|------------------------|-----------------|
|                                |           | 5%                   | 8%                    |                              |                        |                 |
| <b>Purchase price</b>          | \$600,000 | Nil                  | Nil                   | Nil                          | Nil                    | <b>Nil</b>      |
| <b>Real estate commissions</b> | \$30,000  | \$1,500              | Nil                   | \$1,500                      | \$3,900                | <b>\$2,400</b>  |
| <b>Mortgage</b>                | \$400,000 | Nil                  | Nil                   | Nil                          | Nil                    | <b>Nil</b>      |
| <b>Legal fees</b>              | \$2,500   | \$125                | Nil                   | \$125                        | \$325                  | <b>\$200</b>    |
| <b>Appraisal Fee</b>           | \$300     | \$15                 | Nil                   | \$15                         | \$39                   | <b>\$24</b>     |
| <b>Home inspection</b>         | \$500     | \$25                 | Nil                   | \$25                         | \$65                   | <b>\$40</b>     |
| <b>Total tax impact</b>        |           |                      |                       |                              |                        | <b>\$2,664</b>  |

**Notes:**

Estimations only

Land Transfer Tax also applies, HST is NOT applicable

# HST impact on a New Home

|                                | Amount    | GST Pre-July 1, 2010 | ORST Pre-July 1, 2010 | Total taxes Pre-July 1, 2010 | HST Post-June 30, 2010 | Cost Difference |
|--------------------------------|-----------|----------------------|-----------------------|------------------------------|------------------------|-----------------|
| <b>Purchase price*</b>         | \$600,000 | \$28,571             | Nil                   | \$28,571                     | \$45,027               | <b>\$16,455</b> |
| <b>Real estate commissions</b> | \$30,000  | \$1,500              | Nil                   | \$1,500                      | \$3,900                | <b>\$2,400</b>  |
| <b>Mortgage</b>                | \$400,000 | Nil                  | Nil                   | Nil                          | Nil                    | <b>Nil</b>      |
| <b>Legal fees</b>              | \$2,500   | \$125                | Nil                   | \$125                        | \$325                  | <b>\$200</b>    |
| <b>Appraisal Fee</b>           | \$300     | \$15                 | Nil                   | \$15                         | \$39                   | <b>\$24</b>     |
| <b>Home inspection</b>         | n/a       | Nil                  | Nil                   | Nil                          | Nil                    | <b>Nil</b>      |
| <b>Total tax impact</b>        |           |                      |                       |                              |                        | <b>\$19,079</b> |

## Notes:

Estimations only

\*Purchase price includes the GST.

GST is generally inclusive in the stated purchase price and the purchaser is generally entitled to a GST rebate (for homes valued between \$350K to \$450K). However, the builder would normally net the GST with the rebate to be included in the purchase price.

HST is generally inclusive in the stated purchase price. There are 2 new housing rebates: (1) federal portion that applies for homes valued between \$350K to \$450K); and (2) the provincial portion that applies on the first \$400K of the value of the home.

Since the purchase price of the home is more than \$450K, there is no GST rebate available and there is no federal portion rebate available and the provincial portion rebate is maxed at \$24K.

# HST impact on a Refinance

|                                | Amount    | GST Pre-July 1, 2010 | ORST Pre-July 1, 2010 | Total taxes Pre-July 1, 2010 | HST Post-June 30, 2010 | Cost Difference |
|--------------------------------|-----------|----------------------|-----------------------|------------------------------|------------------------|-----------------|
| <b>Current Home Value</b>      | \$600,000 | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Real estate commissions</b> | Nil       | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Mortgage</b>                | \$400,000 | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Legal fees</b>              | \$2,500   | \$125                | Nil                   | \$125                        | \$325                  | \$200           |
| <b>Appraisal Fee</b>           | \$300     | \$15                 | Nil                   | \$15                         | \$39                   | \$24            |
| <b>Home inspection</b>         | Nil       | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Total tax impact</b>        |           |                      |                       |                              |                        | \$224           |

**Notes:**

Estimations only

# HST impact on a Portable Mortgage

|                                | Amount    | GST Pre-July 1, 2010 | ORST Pre-July 1, 2010 | Total taxes Pre-July 1, 2010 | HST Post-June 30, 2010 | Cost Difference |
|--------------------------------|-----------|----------------------|-----------------------|------------------------------|------------------------|-----------------|
| <b>Purchase price</b>          | \$600,000 | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Real estate commissions</b> | \$30,000  | \$1,500              | Nil                   | \$1,500                      | \$3,900                | \$2,400         |
| <b>Mortgage</b>                | \$400,000 | Nil                  | Nil                   | Nil                          | Nil                    | Nil             |
| <b>Legal fees</b>              | \$2,500   | \$125                | Nil                   | \$125                        | \$325                  | \$200           |
| <b>Appraisal Fee</b>           | \$300     | \$15                 | Nil                   | \$15                         | \$39                   | \$24            |
| <b>Home inspection</b>         | \$500     | \$25                 | Nil                   | \$25                         | \$65                   | \$40            |
| <b>Total tax impact</b>        |           |                      |                       |                              |                        | \$2,664         |

**Notes:**

Estimations only