

LDD Support Memo

December 2016

ONTARIO LAND TRANSFER TAX UPDATES

As you are likely aware, there have been changes to Ontario's Land Transfer Tax system, which include an increase in the maximum provincial refund from \$2000 to \$4000 and revised LTT rates as outlined here: <http://www.fin.gov.on.ca/en/tax/ltt/>.

RealtiWeb has been updated to reflect these changes

Maximum Potential Refund

Regardless of the date of the agreement of purchase and sale:

- For transactions that occur before January 1, 2017, the maximum amount of the refund is \$2,000.
- For transactions that occur on or after January 1, 2017, the maximum amount of the refund is \$4,000.

Calculating Tax Rates

RealtiWeb LTT calculations now take into account the following:

Effective January 1, 2017, the tax rates for land transfer tax will depend on the date of the agreement of purchase and sale.

If an agreement of purchase and sale is entered into **after November 14, 2016**, and registration or the disposition occurs **on or after January 1, 2017**, the tax rates on the value of the consideration are as follows:

- amounts up to and including \$55,000: 0.5%
- amounts exceeding \$55,000, up to and including \$250,000: 1.0%
- amounts exceeding \$250,000, up to and including \$400,000: 1.5%
- amounts exceeding \$400,000: 2.0%
- amounts exceeding \$2,000,000, where the land contains one or two single family residences: 2.5%.
- For the definition of single family residence, see Definitions or the Act.

Transitional tax rates

The following rates of land transfer tax apply to all registrations and dispositions that occur **prior to January 1, 2017**. Tax is calculated on the value of the consideration at the following rates:

- amounts up to and including \$55,000: 0.5%
- amounts exceeding \$55,000, up to and including \$250,000: 1.0%
- amounts exceeding \$250,000: 1.5%
- amounts exceeding \$400,000, where the land contains one or two single family residences: 2.0%.

For transfers with agreements of purchase and sale that were entered into **on or before November 14, 2016**, the above rates will apply regardless of the date of registration or disposition.

http://www.fin.gov.on.ca/en/bulletins/ltt/2_2005.html

Citizenship/Residency Requirement

In addition to the changes mentioned above, there is a new requirement with regards to citizenship or residency status:

Beginning January 1, 2017, eligibility for the first-time homebuyers refund program is restricted to **Canadian citizens** and **permanent residents** of Canada.

As a transitional measure, purchasers who entered into agreements of purchase and sale on or before November 14, 2016, would remain eligible for the refund regardless of citizenship or residency status.

http://www.fin.gov.on.ca/en/bulletins/ltt/1_2008.html#limitations

The Purchaser Information Screen in RealtiWeb has been revised as follows:

- The check box has been changed from **Entitled to LTT Refund** to **Entitled to Provincial LTT Refund**.
- For properties in Toronto a second checkbox, **Entitled to Municipal LTT Refund**, will be displayed.

If you have any questions about the new LTT calculations or any other RealtiWeb features, don't hesitate to contact us at support@ldd.ca or 1-800-363-2253.

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1 800-363-2253

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