



Harmonized Sales Tax: Stated Price Net of GST/HST New Housing Rebates and the Ontario RST Transitional New Housing Rebate

Note: This GST/HST Info Sheet replaces the version dated June 2010.

The Government of Ontario has introduced a harmonized sales tax (HST) that came into effect on July 1, 2010.

The HST rate in Ontario is 13% of which 5% is the federal part and 8% the provincial part.

This info sheet reflects tax changes included in the *New Harmonized Value-added Tax System Regulations, No. 2*.

This info sheet explains how to determine the consideration payable for new housing in Ontario where a builder's price includes the HST at 13% and is net of the GST/HST new housing rebate in respect of the federal part of the HST, if applicable, and the Ontario new housing rebate in respect of the provincial part of the HST credited by the builder to the purchaser, and the Ontario retail sales tax (RST) transitional new housing rebate that a purchaser assigned to the builder.

This info sheet applies only if the purchaser meets all of the conditions for each of the rebates. Since a purchaser is only entitled to claim an RST transitional new housing rebate in respect of a single unit residential complex, the formulas in this info sheet only apply to such housing. For purposes of this info sheet, a single unit residential complex includes a detached house, semi-detached house, a rowhouse unit or a duplex provided that such housing is not a condominium. The formulas in this info sheet do not apply to sales of residential condominium units, mobile homes, floating homes and multiple unit residential complexes.

Refer to GST/HST Info Sheet GI-085, *Harmonized Sales Tax: Stated Price Net of GST/HST New Housing Rebates in Ontario*, for the calculation of the consideration where a builder's stated price includes the HST and is net of the GST/HST new housing rebate and the Ontario new housing rebate, but is not net of the RST transitional new housing rebate.

Definitions for GST/HST purposes, e.g., builder, residential complex, single unit residential complex and substantial renovation, generally apply under the HST, as do the CRA's current policies on the application of the GST to housing. Guide RC4052, *GST/HST Information for the Home Construction Industry*, and GST/HST Info Sheet GI-005, *Sale of a Residence by a Builder Who is an Individual*, explore many of these important terms and concepts. Others are explained in GST/HST Memorandum 19.2, *Residential Real Property*.

Housing rebates paid or credited by builder

Where certain conditions are met, the purchaser of a newly constructed or substantially renovated single unit residential complex may be entitled to claim a GST/HST new housing rebate in respect of the GST, or the federal part of the HST, paid on such housing. Purchasers in Ontario may also be entitled to claim an Ontario new housing rebate in respect of the provincial part of the HST paid on such housing. Refer to GST/HST Info Sheet GI-079, *Harmonized Sales Tax: Ontario New Housing Rebate*, for details. In addition, if the purchaser is an individual and the construction or substantial renovation of the single unit residential complex is at least 10% complete as of July 1, 2010, the purchaser may be entitled to claim an RST transitional new housing rebate to recover the estimated RST embedded in the housing. For details, refer to GST/HST Info Sheet GI-096, *Harmonized Sales Tax: Provincial Transitional New Housing Rebates for Housing in Ontario and British Columbia*.

La version française du présent document est intitulée *Taxe de vente harmonisée – Prix convenu déduction faite des remboursements de la TPS/TVH pour habitations neuves et du remboursement transitoire de la TVD pour habitations neuves en Ontario*.



The purchaser and the builder may agree to have the builder pay or credit both the amount of the GST/HST new housing rebate and the Ontario new housing rebate to the purchaser (or only the Ontario new housing rebate if the purchaser is not entitled to claim the GST/HST new housing rebate because the maximum threshold for this rebate was exceeded). They may also agree to have the purchaser assign the RST transitional new housing rebate to the builder.

In this case, the purchaser does not have to submit any of the rebate applications directly to the CRA. The purchaser will sign the rebate applications, including the assignment of the rebate section on Form RC7000-ON, *Ontario Retail Sales Tax (RST) Transitional New Housing Rebate*, and provide them to the builder. The builder will then be required to send the rebate applications to the CRA when the builder claims a deduction for these rebate amounts in its GST/HST return. The deduction for the GST/HST new housing rebate and the Ontario new housing rebate must be taken in the net tax calculation for the reporting period during which the total new housing rebate amount was paid or credited to the purchaser.

Stated price net of rebates

In this info sheet, the “stated price” is the amount the purchaser agrees to pay the builder for the housing, including the HST payable on the purchase.

The “stated price net of rebates” means the stated price for the housing net of any GST/HST new housing rebate and Ontario new housing rebate credited by the builder, and the RST transitional new housing rebate assigned to the builder.

The “consideration” payable for the purchase of the housing is the amount to be paid for the housing before any calculation of the tax payable and housing rebate entitlements for the purchaser.

Where a stated price net of rebates is used, a calculation must be made to determine the value of the consideration payable for the housing. The value of the consideration must be calculated before the tax payable can be determined. Similarly, the tax

payable must be calculated before the amount of the rebates can be determined.

Separate formulas are needed to calculate the consideration depending on, the builder’s stated price net of rebates, the degree of completion of the construction or substantial renovation of the single unit residential complex as of July 1, 2010 and whether the “consideration method” or the “floor space method” is used to calculate the RST transitional new housing rebate.

Refer to **Appendix A** for a summary of the formulas that may be used to determine the consideration for a single unit residential complex where the RST transitional new housing rebate is based on the consideration method.

Refer to **Appendix B** for a summary chart of the formulas that may be used to determine the consideration for a single unit residential complex where the RST transitional new housing rebate is based on the floor space method.

Conditions

The formulas in Appendix A (consideration method) and Appendix B (floor space method) can **only** be used if **all** of the following conditions are met:

- the purchaser is buying a newly constructed or substantially renovated single unit residential complex from a builder, together with the related land;
- the housing is situated in Ontario;
- HST at 13% applies to the sale;
- the purchaser meets the conditions for claiming the Ontario new housing rebate;
- the purchaser meets the conditions for claiming the RST transitional new housing rebate and assigns this rebate to the builder;
- the builder pays or credits the Ontario new housing rebate and, where applicable, the GST/HST new housing rebate in respect of the federal part of the HST to the purchaser; and
- the builder and the purchaser have agreed to a stated price net of the Ontario new housing rebate, the GST/HST new housing rebate in respect of the federal part of the HST, if

applicable, and the RST transitional new housing rebate.

Calculating the consideration payable using Appendix A (consideration method)

To determine which formula in Appendix A is to be used for a particular residential complex, the degree of completion of the construction or substantial renovation of the complex as of July 1, 2010 and the stated price net of rebates must be known. See section C of Form RC-7000-ON, *Ontario Retail Sales Tax (RST) Transitional New Housing Rebate*, for the degree of completion. The formula corresponding to that degree of completion and stated price net of rebates can then be used to calculate the consideration payable for the housing. Once the consideration is known, the HST payable and the various rebate amounts can also be determined.

In each formula:

C = consideration

P = the stated price net of rebates

Step 1

Determine the degree of completion of the construction or substantial renovation of the complex as of July 1, 2010.

Step 2

Determine the appropriate range for the stated price net of rebates in Appendix A. Note that the ranges vary depending upon the degree of completion.

Step 3

Once the degree of completion and the appropriate range for the stated price net of rebates are determined, apply the corresponding formula to determine the consideration payable for the housing.

The following shows how the consideration is calculated for each of the five degree-of-completion categories for the RST transitional new housing rebate, where the stated price net of rebates for a detached house is \$400,000.

If the degree of completion of the construction or substantial renovation is **at least 10% and less than 25% complete** and the stated price net of

rebates is \$400,000, the following formula applies to determine the consideration payable for the house:

$$C = (P + \$28,350) \div 1.128$$

Example 1

The stated price net of rebates is \$400,000 and all of the conditions for using the formulas in Appendix A are met. Construction of the detached house is 20% complete as of July 1, 2010. The consideration would be calculated as follows:

Consideration

$$\begin{aligned} &= (\$400,000 + \$28,350) \div 1.128 \\ &= \$379,742.91 \end{aligned}$$

Once the consideration is determined, the tax payable and the new housing rebates may be calculated.

HST payable

$$\begin{aligned} &= \$379,742.91 \times 13\% \\ &= \$49,366.58 \end{aligned}$$

GST/HST new housing rebate in respect of the federal part of the HST

$$\begin{aligned} &= \$6,300 \times [(\$450,000 - \$379,742.91) \div 100,000] \\ &= \$4,426.20 \end{aligned}$$

Ontario new housing rebate

$$\begin{aligned} &= (\$379,742.91 \times 8\%) \times 75\% \\ &= \$22,784.58 \end{aligned}$$

RST transitional new housing rebate

$$\begin{aligned} &= \$379,742.91 \times 2\% \times 25\% \\ &= \$1,898.71 \end{aligned}$$

If the degree of completion of the construction or substantial renovation is **at least 25% and less than 50% complete** and the stated price net of rebates is \$400,000, the following formula applies to determine the consideration payable for the house:

$$C = (P + \$28,350) \div 1.123$$

Example 2

The stated price net of rebates is \$400,000 and all of the conditions for using the formulas in Appendix A are met. Construction of the detached house is 40% complete as of July 1, 2010. The consideration would be calculated as follows:

Consideration

$$\begin{aligned} &= (\$400,000 + \$28,350) \div 1.123 \\ &= \$381,433.66 \end{aligned}$$

Once the consideration is determined, the tax payable and the new housing rebates may be calculated.

HST payable

$$\begin{aligned} &= \$381,433.66 \times 13\% \\ &= \$49,586.38 \end{aligned}$$

GST/HST new housing rebate in respect of the federal part of the HST

$$= \$6,300 \times [(\$450,000 - \$381,433.66) \div 100,000]$$
$$= \$4,319.68$$

Ontario new housing rebate

$$= (\$381,433.66 \times 8\%) \times 75\%$$
$$= \$22,886.02$$

RST transitional new housing rebate

$$= \$381,433.66 \times 2\% \times 50\%$$
$$= \$3,814.34$$

If the degree of completion of the construction or substantial renovation is **at least 50% and less than 75% complete** and the stated price net of rebates is \$400,000, the following formula applies to determine the consideration payable for the house:

$$C = (P + \$28,350) \div 1.118$$

Example 3

The stated price net of rebates is \$400,000 and all of the conditions for using the formulas in Appendix A are met. Construction of the detached house is 60% complete as of July 1, 2010. The consideration would be calculated as follows:

Consideration

$$= (\$400,000 + \$28,350) \div 1.118$$
$$= \$383,139.53$$

Once the consideration is determined, the tax payable and the new housing rebates may be calculated.

HST payable

$$= \$383,139.53 \times 13\%$$
$$= \$49,808.14$$

GST/HST new housing rebate in respect of the federal part of the HST

$$= \$6,300 \times [(\$450,000 - \$383,139.53) \div 100,000]$$
$$= \$4,212.21$$

Ontario new housing rebate

$$= (\$383,139.53 \times 8\%) \times 75\%$$
$$= \$22,988.37$$

RST transitional new housing rebate

$$= \$383,139.53 \times 2\% \times 75\%$$
$$= \$5,747.09$$

If the degree of completion of the construction or substantial renovation is **at least 75% and less than 90% complete** and the stated price net of rebates is \$400,000, the following formula applies to determine the consideration payable for the house:

$$C = (P + \$28,350) \div 1.115$$

Example 4

The stated price net of rebates is \$400,000 and all of the conditions for using the formulas in Appendix A are met. Construction of the detached house is 80% complete as of July 1, 2010. The consideration would be calculated as follows:

Consideration

$$= (\$400,000 + \$28,350) \div 1.115$$
$$= \$384,170.40$$

Once the consideration is determined the tax payable and the new housing rebates may be calculated.

HST payable

$$= \$384,170.40 \times 13\%$$
$$= \$49,942.15$$

GST/HST new housing rebate in respect of the federal part of the HST

$$= \$6,300 \times [(\$450,000 - \$384,170.40) \div 100,000]$$
$$= \$4,147.26$$

Ontario new housing rebate

$$= (\$384,170.40 \times 8\%) \times 75\%$$
$$= \$23,050.22$$

RST transitional new housing rebate

$$= \$384,170.40 \times 2\% \times 90\%$$
$$= \$6,915.07$$

If the degree of completion of the construction or substantial renovation is **at least 90% complete** and the stated price net of rebates is \$400,000, the following formula applies to determine the consideration payable for the house:

$$C = (P + \$28,350) \div 1.113$$

Example 5

The stated price net of rebates is \$400,000 and all of the conditions for using the formulas in Appendix A are met. Construction of the detached house is 90% complete as of July 1, 2010. The consideration would be calculated as follows:

Consideration

$$= (\$400,000 + \$28,350) \div 1.113$$
$$= \$384,860.74$$

Once the consideration is determined, the tax payable and the new housing rebates may be calculated.

HST payable

$$= \$384,860.74 \times 13\%$$
$$= \$50,031.90$$

GST/HST new housing rebate in respect of the federal part of the HST

$$= \$6,300 \times [(\$450,000 - \$384,860.74) \div 100,000]$$
$$= \$4,103.77$$

Ontario new housing rebate

$$= (\$384,860.74 \times 8\%) \times 75\%$$
$$= \$23,091.65$$

RST transitional new housing rebate

$$= \$384,860.74 \times 2\% \times 100\%$$
$$= \$7,697.21$$

Calculating the consideration payable using Appendix B (floor space method)

To determine which formula in Appendix B is to be used for a particular sale, the square metres of the interior floor space in the housing must be known. Interior floor space includes basements and attics that are finished to a standard that is comparable to the living areas of the housing. A rough basement or attic that has no insulation or finished walls does not form part of the interior floor space. Garages, parking areas, crawl spaces, and areas set aside for a furnace or hot water tank also do not qualify as part of the interior floor space. Knowing the square metres of interior floor space, the appropriate formula can then be used to calculate the consideration payable for the housing.

Find the column in Appendix B that reflects the **approximate** consideration payable for the housing. Then, based on the degree of completion of the housing as of July 1, 2010, apply the corresponding formula. If the resulting value for element **C** of the formula is not within the consideration range that was used, repeat the process using the appropriate range until the resulting value for element **C** of the formula is within the consideration range at the top of the table.

Once the consideration is known, the HST payable and the various rebate amounts can also be determined.

In each formula:

C = consideration

P = the stated price net of rebates

SM = the square metres of interior floor space

Step 1

Determine the interior floor space of the housing.

Step 2

Find the approximate consideration range in Appendix B. For example, if the stated price net of rebates is \$390,000 the approximate consideration payable for the house would fall within the “more than \$350,000 and not more than \$400,000” consideration range in Appendix B. Use this column for step 3.

Step 3

Using the column for the consideration range established in step 2, select the formula based on the degree of completion of the house as of July 1, 2010.

Step 4

Verify that the resulting value for element **C** of the formula is within the consideration range that was used in Step 2.

The following shows how the consideration is calculated for a detached house, where the construction of the house is 30% complete as of July 1, 2010. The house has 180 square meters of interior floor space and the stated price net of rebates is \$390,000.

Since the degree of completion of the construction is **at least 25% and less than 50% complete**, the following formula applies to determine the consideration payable for the house:

$$C = [P + \$28,350 + (\$22.50 \times SM)] \div 1.133$$

Example 6

The stated price net of rebates is \$390,000 and all of the conditions for using the formulas in Appendix B are met. Construction of the house is 30% complete as of July 1, 2010 and the house has 180 square metres of interior floor space.

The consideration would be calculated as follows:

Consideration

$$= [\$390,000 + \$28,350 + (\$22.50 \times 180)] \div 1.133$$
$$= \$372,815.53$$

Once the consideration is determined, the tax payable and the new housing rebates may be calculated.

HST payable

$$= \$372,815.53 \times 13\%$$
$$= \$48,466.02$$

GST/HST new housing rebate in respect of the federal part of the HST

$$= \$6,300 \times [(\$450,000 - \$372,815.53) \div 100,000]$$
$$= \$4,862.62$$

Ontario new housing rebate

$$= (\$372,815.53 \times 8\%) \times 75\%$$
$$= \$22,368.93$$

RST transitional new housing rebate

$$= \$45.00 \times 180 \text{ SM} \times 50\%$$
$$= \$4,050.00$$

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST Rulings Centre for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*, explains how to obtain a ruling and lists the GST/HST Rulings Centres. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling 1-800-567-4692. You may also visit their Web site at www.revenu.gouv.qc.ca to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthstech.

Appendix A – Formulas to determine consideration where RST transitional new housing rebate is based on consideration method

C = Consideration

P = Stated price net of rebates

Where the construction or substantial renovation of the complex is less than 10% complete as of July 1, 2010, an RST transitional new housing rebate is not available.

Where the construction or substantial renovation of the complex is at least 10% and less than 25% complete as of July 1, 2010:

If P is \$366,450 or less, the formula is:

$$C = P \div 1.047$$

If P is more than \$366,450 and not more than \$422,850, the formula is:

$$C = (P + \$28,350) \div 1.128$$

If P is more than \$422,850 and not more than \$482,250, the formula is:

$$C = (P + \$52,350) \div 1.188$$

If P is more than \$482,250, the formula is:

$$C = (P + \$24,000) \div 1.125$$

Where the construction or substantial renovation of the complex is at least 25% and less than 50% complete as of July 1, 2010:

If P is \$364,700 or less, the formula is:

$$C = P \div 1.042$$

If P is more than \$364,700 and not more than \$420,850, the formula is:

$$C = (P + \$28,350) \div 1.123$$

If P is more than \$420,850 and not more than \$480,000, the formula is:

$$C = (P + \$52,350) \div 1.183$$

If P is more than \$480,000, the formula is:

$$C = (P + \$24,000) \div 1.12$$

Where the construction or substantial renovation of the complex is at least 50% and less than 75% complete as of July 1, 2010:

If P is \$362,950 or less, the formula is:

$$C = P \div 1.037$$

If P is more than \$362,950 and not more than \$418,850, the formula is:

$$C = (P + \$28,350) \div 1.118$$

If P is more than \$418,850 and not more than \$477,750, the formula is:

$$C = (P + \$52,350) \div 1.178$$

If P is more than \$477,750, the formula is:

$$C = (P + \$24,000) \div 1.115$$

Where the construction or substantial renovation of the complex is at least 75% and less than 90% complete as of July 1, 2010:

If P is \$361,900 or less, the formula is:

$$C = P \div 1.034$$

If P is more than \$361,900 and not more than \$417,650, the formula is:

$$C = (P + \$28,350) \div 1.115$$

If P is more than \$417,650 and not more than \$476,400, the formula is:

$$C = (P + \$52,350) \div 1.175$$

If P is more than \$476,400, the formula is:

$$C = (P + \$24,000) \div 1.112$$

Where the construction or substantial renovation of the complex is at least 90% complete as of July 1, 2010:

If P is \$361,200 or less, the formula is:

$$C = P \div 1.032$$

If P is more than \$361,200 and not more than \$416,850, the formula is:

$$C = (P + \$28,350) \div 1.113$$

If P is more than \$416,850 and not more than \$475,500, the formula is:

$$C = (P + \$52,350) \div 1.173$$

If P is more than \$475,500, the formula is:

$$C = (P + \$24,000) \div 1.11$$

Appendix B – Formulas to determine consideration where RST transitional new housing rebate is based on floor space method

C = Consideration
P = Stated price net of rebates
SM = Square metres of interior floor space

Degree of completion as of July 1, 2010	If consideration is \$350,000 or less	If consideration is more than \$350,000 and not more than \$400,000	If consideration is more than \$400,000 and not more than \$450,000	If consideration is more than \$450,000
< 10%*	N/A	N/A	N/A	N/A
≥ 10% and < 25%	$C = [P + (\$11.25 \times SM)] \div 1.052$	$C = [P + \$28,350 + (\$11.25 \times SM)] \div 1.133$	$C = [P + \$52,350 + (\$11.25 \times SM)] \div 1.193$	$C = [P + \$24,000 + (\$11.25 \times SM)] \div 1.13$
≥ 25% and < 50%	$C = [P + (\$22.50 \times SM)] \div 1.052$	$C = [P + \$28,350 + (\$22.50 \times SM)] \div 1.133$	$C = [P + \$52,350 + (\$22.50 \times SM)] \div 1.193$	$C = [P + \$24,000 + (\$22.50 \times SM)] \div 1.13$
≥ 50% and < 75%	$C = [P + (\$33.75 \times SM)] \div 1.052$	$C = [P + \$28,350 + (\$33.75 \times SM)] \div 1.133$	$C = [P + \$52,350 + (\$33.75 \times SM)] \div 1.193$	$C = [P + \$24,000 + (\$33.75 \times SM)] \div 1.13$
≥ 75% and < 90%	$C = [P + (\$40.50 \times SM)] \div 1.052$	$C = [P + \$28,350 + (\$40.50 \times SM)] \div 1.133$	$C = [P + \$52,350 + (\$40.50 \times SM)] \div 1.193$	$C = [P + \$24,000 + (\$40.50 \times SM)] \div 1.13$
≥ 90%	$C = [P + (\$45 \times SM)] \div 1.052$	$C = [P + \$28,350 + (\$45 \times SM)] \div 1.133$	$C = [P + \$52,350 + (\$45 \times SM)] \div 1.193$	$C = [P + \$24,000 + (\$45 \times SM)] \div 1.13$

* An RST transitional new housing rebate is not available where the degree of completion is less than 10% as of July 1, 2010. Consequently, the formulas in this info sheet do not apply.