

## Ontario new home buyers to get rebate

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Ontario's Liberal government embarked Friday on a costly climb-down from part of its plan to harmonize the provincial sales tax with the GST, promising rebates of up to \$24,000 for all new-home buyers, even if they purchase a multi-million dollar mansion.

Originally, the rebates first announced in the March budget were to apply only to new homes costing \$400,000 or less.

They were intended to offset the fact the new 13% harmonized sales tax would apply to new homes, which are currently exempt from the 8% PST.

However, all new-home buyers will now qualify for the PST rebate on the first \$400,000 of the purchase price, regardless of the final cost.

The change in the \$1.1 billion rebate program will cost Ontario about \$250 million a year, finance ministry officials said.

Ontario will blend its provincial sales tax with the 5% GST into a single 13% sales tax on July 1, 2010.

The Building Industry and Land Development Association called the changes "enlightened and responsive," while the Ontario Home Builders Association said it too was pleased with the new rebate policy.

"Is it perfect? No, there still is some more tax," said Home Builders president Frank Giannone in an interview.

"But I have to give the provincial government credit for a significant improvement over what we had with how the GST was applied."

Giannone said the industry struggled for years after the GST was introduced in 1989, and had feared sales would plummet again when the new harmonized sales tax is applied to new homes.

BILD and the Home Builders Association said the \$400,000 threshold originally proposed for the rebates would have hurt middle-class purchasers in several Ontario cities, not just Toronto, where nearly half of new homes and condos sell above that price.

"It's great the government recognized that impact not only on Toronto, but Ottawa, London and Kitchener-Waterloo also had the same issues," said Giannone.

The Ontario Chamber of Commerce also welcomed the change in the rebate program for new homes, saying it will "help ensure Ontario reaps the benefits of a value-added tax on consumption, while mitigating the impacts on consumers."

New Democrat housing critic Michael Prue said limiting the rebates to homes costing under \$400,000 was "dumb from the beginning" and would have hurt already slumping sales of new homes.

"The home builders lobby was absolutely successful, and they should have been," Prue said in an interview.

"For them to back down after all this time just shows how wrong-headed the policy was in the first place. "

The Progressive Conservatives said the about-face was proof Premier Dalton McGuinty didn't properly think through the ramifications of tax harmonization, and predicted there will be more climb-downs on the new sales tax to offer more rebates or exemptions.

"I think they're going to be forced to do it and that's the worst possible way to govern," said interim Opposition Leader Bob Runciman.

"They should step back and take a fresh look at this and understand what the impacts are going to be, especially in the midst of a recession."

The province also proposed a rebate for new residential rental properties in an effort to generate more affordable rental units.

People who purchase condominiums or apartment units to rent out would be eligible for the rebates.