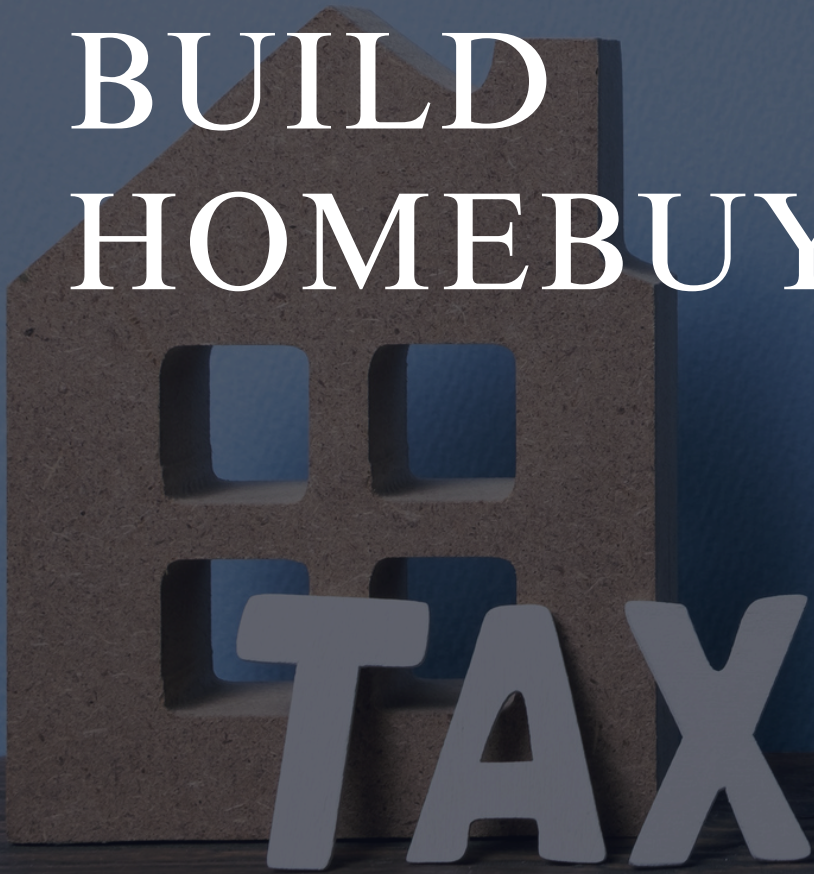


# YEAR END TAX PLANNING GUIDE FOR NEW BUILD HOMEBUYERS



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**Buying** a new-build home in Ontario comes with unique tax considerations that don't end after closing. Use this time to review your new home's purchase price, rebates or credits you can claim, and how to maximise tax savings.

This guide delves further into land transfer tax, GST/HST rebates, and other important tax details that can affect your return.

## LAND-TRANSFER TAX

Land Transfer Tax applies whenever a property title is transferred to a new owner. As a new-build owner, you paid this fee at the time of closing.

The provincial LTT is calculated based on the purchase price:

- 0.5% on the first \$55,000
- 1.0% on the portion from \$55,000 to \$250,000
- 1.5% on the portion from \$250,000 to \$400,000
- 2.0% on the portion over \$400,000
- 2.5% on any amount over \$2,000,000 if the land includes one or two single-family homes

### First-Time Home Buyer Rebate

Eligible first-time buyers can receive a refund of up to \$4,000 on the provincial LTT in Kingston, Odessa, and Amherstview. The rebate is usually applied immediately at closing if your lawyer files it with the transfer. Otherwise, you can apply for a refund directly through the Ontario Ministry of Finance after closing.

### Investors and Non-Residents

Investors, corporations, and buyers purchasing new-builds as rentals do not qualify for this rebate. If you claim it and later rent or sell the property before moving in, the government may claw back the rebate.

### Year-End Tip

Confirm your lawyer submitted the rebate claim before December 31 if you closed this year. Keep copies of your Statement of Adjustments and Land Transfer Tax Affidavit in case the Ministry requests documentation later.

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## GST/HST NEW HOUSING REBATE

When you buy a new-build home in Ontario, 13% HST applies, which includes 5% federal and 8% provincial. The GST/HST New Housing Rebate lets eligible buyers recover part of this tax if the property is used as a primary residence.

**Rebate amounts:**

- Federal rebate: up to 36% of the 5% GST portion, for homes priced up to \$350,000, and gradually reduced until \$450,000.
- Ontario rebate: up to 75% of the 8% provincial portion, to a maximum of \$24,000.

Builders usually include this rebate in the purchase price and apply for it on your behalf at closing. If your agreement did not assign the rebate to the builder, or if you bought the home for personal use but the builder didn't claim it, you can apply directly to the Canada Revenue Agency (CRA) after taking possession.

The rebate is claimed once you occupy the property and must be submitted within two years of your closing date.

**For Investors**

If you rent out the property instead of living in it, you must claim the New Residential Rental Property Rebate (NRRPR) instead. You can apply only after the tenant has moved in and a one-year lease is signed, and you must submit the application within two years of closing.

## CAPITAL COST BASE AND YEAR-END PLANNING FOR INVESTORS

For buyers who own or rent out a newly built home, understanding how your property's value and improvements affect your Capital Cost Base (CCB) is essential for tax planning.

The CCB represents your original cost of acquiring the property, which includes:

- Original purchase price (including any HST paid that wasn't rebated)
- Legal, accounting, and land transfer fees
- Title insurance and registration costs
- Appraisal or survey fees incurred during purchase
- Major improvements or additions made after closing

If you purchased the home as a principal residence, this base helps establish your cost for future exemption claims. If it's an investment, it affects your capital gains tax when selling.

### Rental Income and Deductions

If your new-build home is rented out, you can deduct ongoing expenses from rental income. Common deductible costs include:

- Property taxes and utilities
- Mortgage interest and insurance premiums
- Advertising and property management fees
- Repairs and maintenance directly related to tenant use

Depreciation, known as Capital Cost Allowance (CCA), can also be claimed on a portion of the property value each year.





# END-OF-YEAR TAX PLANNING CHECKLIST

- Confirm land transfer tax and rebate status
- Check if builder claimed GST/HST rebate
- Gather all closing and legal documents
- Record land transfer tax and improvement costs
- Review rental income and expense records
- Update capital cost base with eligible items
- Verify property tax and insurance details
- Meet your tax advisor before year end

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***Smart tax planning*** keeps your investment protected and your finances organized for the year ahead. Hope you have a productive tax season.