

LAND TRANSFER TAX GUIDE FOR NEW CONSTRUCTION HOMES



LTT is a closing cost paid when ownership of land or property changes hands. In Ontario, buyers usually pay this tax when the home purchase closes. It applies to resale homes, new construction homes, condos, and land. For [new construction](#), land may include the home being built and certain items connected to the property.

If you buy a home in Ontario, provincial land transfer tax usually applies. If you buy in the City of Toronto, a second municipal land transfer tax also applies.



HOW TO CALCULATE LTT FOR A NEW CONSTRUCTION HOME

Ontario calculates LTT using the value of consideration. For a new construction home, start with the purchase price listed in the agreement of purchase and sale. Then add applicable builder related charges such as [upgrades](#), optional features, custom finishes, installations, assumed liabilities, and certain soft costs.

Buyers should also review the builder's statement of adjustments, as extra charges may affect the final value used for LTT. Ontario generally excludes the HST paid on the purchase price when calculating LTT. Once the value of consideration is confirmed, apply the applicable Ontario LTT rates and brackets to calculate the tax owing.

If the property is in Toronto, buyers must also calculate Toronto Municipal Land Transfer Tax, which is charged in addition to provincial LTT. Review all closing costs with a real estate lawyer.



NEW PURCHASES BY NON-ONTARIO RESIDENTS

People who live outside Ontario do not automatically pay extra land transfer tax. Canadian citizens and Canadian permanent residents usually pay the same Ontario LTT, even if they currently live in another province or country.

The extra tax is the Non-Resident Speculation Tax (NRST). It applies mainly to foreign nationals, foreign corporations, and taxable trustees who buy residential property in Ontario. The NRST is 25% and exists to discourage foreign speculation in Ontario's housing market.

REBATE FOR FIRST-TIME HOMEBUYERS

Eligible [first-time homebuyers](#) in Ontario may qualify for a LTT refund of up to \$4,000. This can reduce the amount payable at closing. Toronto also offers a separate municipal rebate for eligible first-time buyers purchasing a qualifying home in the city.

To qualify, buyers generally must:

- Be at least 18 years old at the time of closing
- Be a Canadian citizen or permanent resident of Canada at closing (non-citizens have 18 months after registration to become eligible if they meet all other requirements)
- Never have owned a home or any interest in a home, anywhere in the world, regardless of how that ownership was acquired (purchase, gift, or inheritance all count)
- Never have previously received a refund under the Ontario Home Ownership Savings Plan (OHOSP)
- Occupy the home as their principal residence within 9 months of the transfer date
- Have a spouse who has not owned a home at any point during the marriage or spousal relationship (a spouse who owned property before the relationship does not disqualify the buyer from claiming the full refund)