

INFORMATION RE ONTARIO LAND TRANSFER TAX REBATE FOR FIRST TIME HOME BUYERS

Introduction

When you buy land or an interest in land in Ontario, you pay land transfer tax. First-time homebuyers of an eligible home may be eligible for a refund of all or part of the tax.

To claim a refund, you must be at least 18 years of age, you **cannot** have owned a home or an interest in a home anywhere in the world, and your spouse cannot have owned a home or interest in a home, anywhere in the world while he or she was your spouse. Previous ownership in a home means you do not qualify for the land transfer tax first-time homebuyers refund. The method of acquiring the home (e.g., purchase, gift or through an inheritance) is not relevant.

You cannot re-qualify as a first-time homebuyer. This rule may be different from other federal programs for first-time homebuyers (e.g., the Canada Revenue Agency Home Buyers' Plan).

General

Land transfer tax applies to all conveyances of land in Ontario. First-time homebuyers may be eligible for a refund of all or part of the tax payable.

- For agreements of purchase and sale entered into before December 14, 2007, the refund only applies on the purchase of a newly constructed home.
- For agreements of purchase and sale entered into after December 13, 2007, the refund applies to all homes, whether newly constructed or resale.

Qualifying taxpayers may claim an immediate refund at time of registration as follows:

- if registering electronically, by completing the required statements under the Explanation tab of the electronic land transfer tax affidavit, or
- if registering by paper, by filing an **Ontario Land Transfer Tax Refund Affidavit For First-Time Purchasers of Eligible Homes** form at the **Land Registry Office**.

If the refund is claimed at the time of registration, it may offset the land transfer tax that would be payable. If the refund is not claimed at registration, the tax must be paid, and a claim for the refund may be submitted to the Ministry of Finance. No interest is paid on this refund.

Refund amounts and limitations

How much money could I receive?

For conveyances or dispositions that occur before January 1, 2017, the maximum amount of the refund is \$2,000.

Beginning January 1, 2017, the maximum amount of the refund is \$4,000. The increased limit of \$4,000 applies only to conveyances or dispositions that occur on or after January 1, 2017, regardless of the date the agreement of purchase and sale was signed.

Beginning January 1, 2017, no land transfer tax would be payable by qualifying first-time purchasers on the first \$368,000 of the value of the consideration for eligible homes. First-time purchasers of homes greater than \$368,000 would receive a maximum refund of \$4,000.

Limitation

The refund will be reduced if one (or more) of the purchasers is not a first-time homebuyer. The refund will be proportionate to the interest acquired by the individuals who qualify for the refund.

Examples – Parent and Child

Where a parent who is not a first-time homebuyer, and a child who is a first-time homebuyer, purchase a home with equal 50/50 interests, the child may claim a refund of 50% of the land transfer tax refund. The child's claim cannot exceed 50% of the maximum allowable refund (i.e., 50% of \$2,000 for conveyances or dispositions prior to January 1, 2017 or 50% of \$4,000 for conveyances or dispositions on or after January 1, 2017).

In a situation where a parent is also on title to a child's property, such as at the insistence of a bank, it will be necessary to pay land transfer tax at the time of registration and apply for a refund from the Ministry of Finance.

If the parent did not acquire a beneficial interest in the property as a result of the conveyance:

- the ministry will accept the fact that the parent was on title as a trustee for the child, and
- the child would qualify for the first-time homebuyers refund, provided that all other eligibility requirements are met, and evidence of the trust is submitted (e.g., a letter from the bank confirming that the parent is on title for mortgage purposes or a copy of a trust agreement).

Example - Spouse

A qualifying purchaser may also claim a refund in proportion to his or her spouse's interest if that purchaser's spouse has owned a home before becoming the purchaser's spouse, but not while being that purchaser's spouse.

The ability of a purchaser to include his or her spouse's interest in determining the maximum refund is restricted if the spouse is not a Canadian citizen or a permanent resident of Canada on the date of the conveyance or disposition.

Requirements to qualify for the refund

To qualify for a refund:

- The purchaser must be at least 18 years old.
- The purchaser must occupy the home as their principal residence within nine months of the date of transfer.
- The purchaser cannot have ever owned an [eligible home](#), or an interest in an eligible home, anywhere in the world, at any time.
- If the purchaser entered into an agreement of purchase and sale before December 14, 2007, the home must be a [newly constructed home](#) and the purchaser must be eligible for the [Tarion New Home Warranty](#).
- If the purchaser has a spouse, the spouse cannot have owned an eligible home, or had any ownership interest in an eligible home, anywhere in the world, while he or she was the purchaser's spouse. If this is the case, **no** refund is available to **either** spouse.

Additional requirement

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.

Purchasers who would otherwise be eligible for a refund, but who are not Canadian citizens or permanent residents of Canada when the transaction closes, have 18 months following registration to become eligible. Upon obtaining Canadian citizenship or permanent resident status, these purchasers may apply for the refund within the 18-month period following registration of the conveyance or the date the unregistered disposition occurs.

Where a purchaser who would otherwise be eligible for a refund enters into an agreement of purchase and sale on or after November 14, 2016 and that purchaser has a spouse who is not a Canadian citizen or a permanent resident of Canada on the date of the conveyance or the date the unregistered disposition occurs, the purchaser cannot include his or her spouse's interest in determining the maximum refund. However, if the spouse becomes a Canadian citizen or a permanent resident of Canada within 18 months after the date of the conveyance or the disposition, the purchaser may, at that time, claim his or her spouse's interest. The combined claims cannot exceed the maximum land transfer tax refund of \$4,000.

Time limit to apply for refund

A qualifying purchaser must apply for the refund within 18 months after the date of registration of the conveyance or the date the unregistered disposition occurs.

Audit

The application and any refund payment are subject to audit by the Ministry of Finance. Charges may be laid, and fines may result, where a person obtains or attempts to obtain a refund by deceit, falsehood or any fraudulent means. The maximum fine, upon conviction, is \$4,000.