

Korman & Company's presentation on Municipal and Provincial Land Transfer Tax

New City of Toronto Land Transfer Tax

- Effective February 1, 2008
- Eligibility requirements for a rebate:
 1. Full rebate if the Agreement of Purchase and Sale was signed on or before December 31, 2007 (regardless of when the closing date is)
 2. If the purchaser is a **first time** home buyer (see definition on next page) of a **newly constructed** or **resale residential home**, a rebate of up to \$3,725.00 is available (in other words, a full rebate is available when one purchases a home for \$400,000.00 or less)
- Exemptions:
 - The closing takes place on or before January 31, 2008
- How the rebate is available:
 1. If a full rebate is due to the purchaser, the City of Toronto land transfer tax will not be collected at the time of registration (an immediate refund at the time of registration)
 2. If a partial rebate is due to the purchase, the full amount of the land transfer tax will be collected and forwarded by the purchasers solicitor, and a rebate will issued to via mail
 - This is anticipated to change in the near future so that the purchaser only has to pay the amount due upon registration (avoiding having to pay the full City of Toronto land transfer tax portion up front)
 - Example – first time home buyer purchases a home with a consideration of \$400,500.00. City of Toronto land transfer due is \$3,735.00. The purchaser will have to pay this up front (on closing), but will receive a rebate in the amount of \$3,725.00 via mail.
- Examples
 1. Purchaser entered into an Agreement of Purchase and Sale on December 31, 2007, and the closing takes place on February 15, 2008 – The City of Toronto land transfer tax is applicable, but a full rebate is in effect (\$0 paid by the purchaser for the City of Toronto land transfer tax)
 2. Purchaser entered into an Agreement of Purchase and Sale on January 5, 2008, and the closing takes place March 3, 2008 – The City of Toronto land transfer tax is applicable. However, if the purchaser is a first time home buyer, he/she will be entitled to a rebate of up to \$3,725.00.

3. Purchaser entered into an Agreement of Purchase and Sale on January 5, 2008, and the closing takes place January 31, 2008 – The City of Toronto land transfer tax is not applicable

Provincial

- Presently, a \$2,000.00 land transfer tax rebate is applicable if a purchaser is a first time home buyer purchasing a newly constructed home
- An amendment to the present legislation has been proposed to allow first time home buyers purchasing a **resale home** to also receive a \$2,000.00 land transfer tax rebate, provided the first time home buyer entered into the Agreement of Purchase and Sale **after** December 13, 2007
- **However, the proposed amendment has not yet received Royal Assent, and therefore is not yet a law**
- How to receive the rebate at the present time:
 - The rebate is not available at this time, however, purchasers may submit the following information so they may receive the rebate when the proposed amendment becomes a law
 1. Submit the Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Eligible Homes - this form is available now, however, the rebates will only be processed once the legislation has passed*
 2. Submit copy of the Deed
 3. Submit copy of the Agreement of Purchase and Sale

*once the proposed amendment becomes law and the electronic land registration system has been updated, all eligible first-time homebuyers will be able claim an immediate refund at the time of registration

Definition of first time home buyer

1. The purchaser is at least 18 years of age.
2. The purchaser must occupy the home as his/her principal residence no later than nine months after the date of the conveyance or disposition.
3. The purchaser cannot have previously owned a home, or had any ownership interest in a home, anywhere in the world, at any time.
4. If the purchaser has a spouse, the spouse cannot have owned a home, nor had any ownership interest in a home, anywhere in the world while he/she was the purchaser's spouse.

5. The purchaser cannot have received an Ontario home ownership savings plan (OHOSP) based refund of land transfer tax (definition applicable when considering if one is first time home buyer for the Provincial rebate)

Land Transfer Tax Payable

City of Toronto

For property containing at least one, and not more than two, single family residences with a consideration value of:

Value of Consideration	Rate
Up to and including \$55,000.00	0.5% plus
Over \$55,000.00 to \$400,000.00	1.0% plus
Over \$400,000.00	2.0%

For **all** other property with a consideration value:

Value of Consideration	Rate
Up to and including \$55,000.00	0.5% plus
Over \$55,000.00 to \$400,000.00	1.0% plus
Over \$400,000.00 to \$40,000,000.00	1.5% plus
Over \$40,000,000.00	1.0%

Provincial

For property containing at least one, and not more than two, single family residences with a consideration value of:

Value of Consideration	MLTT Rate
Up to and including \$55,000.00	0.5% plus
Over \$55,000.00 to \$250,000.00	1.0% plus
\$250,000.00 to \$400,000.00	1.5% plus
Over \$400,000.00	2.0%

For **all** other property with a consideration value:

Value of Consideration	MLTT Rate
Up to and including \$55,000.00	0.5% plus
Over \$55,000.00 to \$250,000.00	1.0% plus
Over \$250,000.00	1.5% plus