

News Release

HST legislation means big tax increase on home buyers, sellers and owners, say Ontario REALTORS®

(Toronto, November 16, 2009) – Today the Government of Ontario formally launched its latest assault on homeowners, purchasers and sellers with the introduction of Bill 218, the *Ontario Tax Plan for More Jobs and Growth Act, 2009*, says the Ontario Real Estate Association.

Effective July 1, 2010, home buyers and sellers will pay 8 per cent more on legal fees, appraisals, real estate commissions, home inspection fees, and moving costs, adding about \$1,500 in new taxes to the average residential real estate transaction in Ontario.

For homeowners the HST will also add hundreds of dollars in additional tax on utility bills, such as gas, electricity and home heating fuel, on home renovation labour, the cost of lawn upkeep or landscaping and the cost of snow removal.

QUOTES:

“The Government of Ontario can try to sell the HST any number of ways but starting July 1, 2010 the taxes on buying, selling and owning a home in our province will go up,” said Pauline Auger, President of OREA.

“Ontario’s housing market is vital to the health of our provincial economy,” said President Auger. “An HST on homeownership will reduce housing affordability and increase the tax burden for Ontario families.”

“In the last decade, Ontario’s homeowners have faced a barrage of government imposed costs,” said President Auger. “From municipal land transfer taxes to sky rocketing property taxes and now the HST, homeowners are once again being forced to foot the bill for this government’s legislative agenda.”

QUICK FACTS:

The HST combines the PST and GST into one value added tax, meaning that the 8 per cent PST will be applied to list of goods and services that were previously exempt. The government plans to begin charging the HST to consumers on July 1, 2010.

OREA estimates that the new tax will add **\$1,449** in new taxes to an average resale home costing \$302,354. OREA also estimates that the HST will add an estimated **\$262 million** in new taxes annually to residential resale real estate transactions.

Homeowners will also have to pay an additional 8 per cent on many services required to maintain their homes. These services were previously exempt from PST and include utilities, home renovation labour, landscaping, snow removal and many others. OREA estimates HST on these services will add \$480 in annual tax to the homeowner (based on a family that budgets \$500 per month for such costs).

Ontario’s real estate industry is essential to the provincial economy. In 2008, real estate in Ontario accounted for \$56.6 billion in sales, \$6.01 billion in ancillary economic spending and \$1.35 billion in land transfer tax revenue to the provincial government. In addition, independent research indicates that resale housing market creates 80,000 direct and indirect jobs.

OREA represents 47,000 brokers and salespeople who are members of the 42 real estate boards throughout the province. OREA serves its members through a wide variety of professional publications, educational programs, advocacy and other services.

HST and Average Resale Home in Ontario (\$302,354)			
Taxable Service	Current Tax Payable	HST Tax Payable	New Taxes
Legal Costs	\$50.00	\$130.00	\$80.00
Sample Real Estate Commission¹	\$756.00	\$1965.00	\$1209.00
Home Inspection	\$20.00	\$52.00	\$32.00
Moving Costs	\$50.00	\$130.00	\$80.00
Home Appraisal	\$15.00	\$39.00	\$24.00
Home Energy Audit	\$15.00	\$39.00	\$24.00
		Total Est. New Tax:	\$1449.00

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¹ Based on 5% commission example; note that all commissions are negotiable.