



Government Programs and Regulations

Land Transfer Tax (LTT) Rebate Program

Program

First-time home buyers who purchase a newly constructed home will receive a rebate of the Land Transfer Tax (LTT). All other buyers will continue to pay the full applicable tax. The maximum LTT rebate is \$2,000.

Details

- The 1996 Ontario Budget announced a special one-year provision to the LTT that was renewed every year and is now a permanent program.
- **FIRST-TIME BUYERS** who purchase a **NEWLY CONSTRUCTED HOME** will receive a rebate of the LTT. All other buyers will continue to pay the full applicable tax.
- The maximum rebate is \$2000. If an individual owns less than 100% interest in the newly-built home, the amount of the rebate would be reduced and calculated according to the amount of interest in the home.
- A rebate of \$2,000 is equivalent to the LTT payable on a purchase price of \$227,500 (net of GST).

- Only individuals who are at least 18 years of age, have not (or spouse) previously owned an interest in a home anywhere qualify for the rebate.
- Individuals who have received an Ontario Home Ownership Savings Plan (OHOSP) based refund of the LTT do not qualify.
- **A real estate transfer tax is assessed on real property when ownership of the property is transferred from one party to another. The tax is a percentage of the value of the property based on a graduated scale:**
 - 0.5% on amounts up to and including \$55,000;
 - + 1.0% on the amount exceeding \$55,000 up to and including \$250,000;
 - + 1.5% on amounts above \$250,000 up to and including \$400,000 for residential / + 1.5% on the amount in excess of \$250,000 for business properties;
 - + 2.0% of the amount in excess of \$400,000. [residential only]

For more information call the Ontario Finance Ministry at 1-800-263-7965 or access through www.gov.on.ca/FIN/english/bke-ltt.htm

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These four portions added up together total the LTT payable. As simple formula is as follows:

**Purchase Price	Calculation of LTT
\$0 to \$55,000	.005 x purchase price
\$55,001 to \$250,000	(.01 x purchase price) minus 275
\$250,001 to \$400,000 residential \$250,001 plus (business)	(.015 x purchase price) minus 1525
\$400,001 plus (residential only)	(.02 x purchase price) minus 3525

*If the purchase price falls within this range, then apply the appropriate formula to the purchase price. For example, on a \$200,000 property, the LTT calculation would be [(0.01 x \$200,000) minus 275 = \$1,725].



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