

Contacts:

Quebec and Atlantic
Robert Demers
National Leader
514-393-5156

Ottawa
Michael Matthews
613-751-5310

**Toronto and
Southwestern Ontario**
Rory Pike
416-874-3330

Danny Cisterna
416-601-6362

Doug Myrden
416-601-6197

Prairies
Dean Grubb
604-640-3266

West
Janice Roper
604-640-3353

Related links:

***Canadian Indirect Tax –
archive***

Deloitte Tax Services

**Update your
subscription**

Canadian Indirect Tax News

February 20, 2012 (12-2)

Return to BC PST: Transitional rules for residential properties

Transitional rules related to residential properties announced

BC Finance Minister, Mr. Kevin Falcon, announced a series of transitional measures pertaining to residential properties leading up to the reinstatement of the BC PST, which was formally announced to take effect on April 1, 2013 (subject to approval by the BC Legislature). These measures will affect both residential purchasers, as well as builders. In simple terms, home buyers will continue to pay HST until April 1, 2013 and will be eligible for additional rebates. After April 1, 2013, only 5% GST will apply. For properties under construction at April 1, 2013, specific transitional rules will apply.

Mr. Falcon also announced that the full PST legislation will be introduced in the legislature this Spring, including the general transitional rules.

[Back to top](#)

Enhanced BC new housing rebate

From April 1, 2012 to April 1, 2013, new home buyers (those using the home as their primary place of residence) will be eligible for an enhanced BC new housing rebate, which effectively raises the provincial component of the rebate threshold on homes valued up to \$850,000 with a corresponding rebate of \$42,500. This represents a 60% increase over the current threshold of \$525,000. This enhanced BC new housing rebate will also apply to rental properties.

[Back to top](#)

New grant for recreational and vacation properties

Purchasers of recreational homes outside of the Greater Vancouver and Capital regional districts priced up to \$850,000 will be entitled to a provincial grant of up to \$42,500 under the new rules.

[Back to top](#)

New housing under construction at April 1, 2013

Also announced are a series of transitional rules for new housing under construction at April 1, 2013, thereby, providing a level playing field for individuals buying new homes before and after April 1, 2013.

Generally, the 12% HST will not apply to sales of new housing, if ownership and possession is transferred on or after April 1, 2013. Instead, only the 5% GST will apply.

For certain sales of newly constructed or substantially renovated housing where the 12% HST will not apply, a 2% BC transition tax may apply. This transition tax will also apply to new housing where the builder retains ownership and subsequently rents out the property (commonly known as a self-supply).

The 2% BC transition tax will be payable by the purchaser of new housing, or the builder of substantially renovated housing, when *all of the following* apply:

1. HST has not been paid on the purchase price of the new housing
2. Ownership and possession of the property transfers on or after April 1, 2013
3. At least 10% of the property has been constructed prior to April 1, 2013
4. Ownership or possession transfers before April 1, 2015

In addition, where the 2% BC transition tax has been paid by the purchaser, a BC transitional rebate may be available for the builders of newly constructed or substantially renovated housing. For sales of new housing, the rebate will be calculated on the total consideration of the housing and the corresponding percentage of completion, as of April 1, 2013. In cases where the builder is required to self-assess and pay the BC transition tax, the rebate will be calculated on the fair market value of the property, rather than the total consideration.

To substantiate a BC transitional rebate, the builder will be required to provide support that PST was paid on 90% or more of the materials that were incorporated into the newly constructed or substantially renovated housing on or after April 1, 2013. This ensures a builder cannot stockpile materials before the transition and then also benefit from the rebate.

[Back to top](#)

General transitional rules on elimination of HST

Simultaneous with the BC announcement, the federal government also introduced some general transition rules (i.e., from HST to GST).

- In general, HST will continue to apply to goods and services which are paid for or invoiced prior to April 1, 2013. GST (and PST, if applicable) will apply to goods or services invoiced after March 31, 2013.
- HST will apply to lease payments that become due before April 1, 2013. GST (and PST, if applicable) will apply to lease payments that become due after March 31, 2013.
- The HST will continue to apply to sales of real property where ownership or possession transfers prior to April 1, 2013. Where both ownership and possession transfer after March 31, 2013, only the GST will apply. The same timeline applies to deemed self-supplies of real property, for situations where a builder must self-assess tax.
- The BC component of the HST will not apply to goods or services acquired outside of BC for use in the province after March 31, 2013, nor will it apply to goods or services imported prior to March 31, 2013 where payment is due after March 31, 2013.

It should be noted that the general transitional rules for the re-implementation of BC PST (when PST will start to apply to goods and services) have not yet been announced.

[Back to top](#)

Our highlights of the 2012 British Columbia budget will be available on Deloitte.ca at [this link](#) by the end-of-day on February 22, 2012.

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

30 Wellington Street West
P.O. Box 400
Stn Commerce Court
Toronto ON M5L 1B1 Canada

© Deloitte & Touche LLP and affiliated entities.
TM/MC © Used under license from the Canadian Olympic Committee, 2011.

This publication is produced by Deloitte & Touche LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services through more than 8,000 people in 56 offices. Deloitte operates in Québec as Samson Bélair/Deloitte & Touche s.e.n.c.r.l. Deloitte & Touche LLP, an Ontario Limited Liability Partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

www.deloitte.ca
[Unsubscribe](#)

 [Deloitte RSS feeds](#)

Please add "@deloitte.ca" to your safe senders list to ensure delivery to your inbox and to view images.

