

## Land Transfer Tax Rebate

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.

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**These four portions added up together total the LTT payable.**

**A simple formula is as follows:**

<b>**Purchase Price</b>	<b>Calculation of LTT</b>
\$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)	(.015 x purchase price) minus 1525
\$250,001 plus (business)	
\$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 [( $.01 \times \$200,000$ ) minus 275 = \$1725].

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