

Remove GST and PTT from Housing



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Two candidates for the federal Liberal leadership – Mark Carney and Chrystia Freeland – have promised to remove the GST for first-time buyers of new homes under \$1 million and \$1.5 million respectively.

This is a step forward on reducing the sales tax on new housing.

However, Conservative leader Pierre Poilievre announced a plan to axe the GST for ALL buyers of new homes under \$1 million. This is a big policy difference and a significant benefit for homebuyers, housing supply and affordability.

The savings on a \$950,000 home would be \$47,500 GST – a tax that's supposed to be a consumption tax, not a tax on new homes.

It seems most leaders at the federal level agree some portion of the GST needs to be removed from new housing.

Poilievre has also called on provincial governments to axe their sales taxes on homes sold for under \$1 million.

This would add big savings for homebuyers, especially in BC where the home sales tax is called the Property Transfer Tax.

BC's Property Transfer Tax (PTT) is basically a sales tax, like the GST, rising with the cost of housing. However, by calling it a Property Transfer Tax, the BC government is able to charge the tax up to 3 times during the development of a new home.

The first PTT is during the land transfer from landowner to developer, the second is the lot sale from developer to builder and the final tax is the home sale to the buyer.

The average price of a home in BC is \$951,365 which translates into PTT of about \$17,000, not including any already embedded PTT.

In Victoria, the average price for a single family home is about \$1.2 million and the PTT is \$22,000. In Alberta, the property transfer fee would be about \$900.

When the GST and PTT were introduced decades ago, the average home price was far less than today's prices.

The federal government introduced a GST New Home Rebate in 1991, which inflation has eroded to being virtually non-existent in our market. The federal government promised to index the rebate to inflation, which never happened.

The GST and PTT generate billions of dollars annually for government through inflation.

Reducing or axing the the GST and PTT would have a big impact on housing affordability, especially considering new U.S. tariffs.

Regardless of which political party is in power, it's time the federal and provincial governments work together to reduce the tax burden on homebuyers – an initiative that's long overdue.



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