

## PST Rebate for New Home Construction

### Q & As

#### 1>> Who will qualify for the new housing PST rebate?

A rebate of 42% of PST paid will be available to any individual (not a corporation or partnership) on the purchase of a new house that is for use as the individual's (or their relation's) primary place of residence. The rebate will be in effect for sales transactions where the buyer takes possession of the house between April 1, 2020 and March 31, 2023.

#### 2>> Can the builder apply for the PST rebate on behalf of the homeowner?

Yes, the homeowner may assign the rebate directly to the builder who would then make the application to the Ministry of Finance. The builder may net the PST rebate against their PST payable. If they do so, the builder must submit the appropriate forms, or they will be liable for the amount of the rebate.

#### 3>> How do you apply for the rebate? What documents are required?

The application form link, available shortly, or the Ministry of Finance, is to be submitted to the Ministry of Finance after the final sales transaction has been finalized by either the purchaser or the builder. Typically, all that is required is the purchase invoice provided by the builder. However, if the homeowner has built the house themselves, the application should include all relevant invoices from purchases and subcontractors. Application (either by purchaser or builder) must be made within 1 year of possession (or occupation in the case of an owner-built home).

#### 4>> How do you define a "new house"?

A new house includes a detached or semi-detached single-unit house, a duplex, a condominium unit, a townhouse, a unit in a co-operative housing corporation of a mobile home but excludes renovations and land.

A new house does not include a personal care home, special care home or rental properties, as the rebate is intended to help new, individual homeowners.

#### 5>> How do you verify or establish the fair market value of the home to ensure the appropriate PST rebate is provided?

The processing of each application will include an informal review of the sale price to ensure that it is reasonable compared to other houses in that neighborhood.

#### 6>> How much is the new rebate worth?

The rebate will be worth 42% of PST paid for a new house (approximately 2.5% of the total contract prices for the new house, excluding the land value) where the transaction occurs after April 1, 2020 to a maximum of \$8,820 (based on a \$350,000 home). For houses valued between \$350,000 and \$450,000, the rebate will be phased out on a straight-line basis using the following formula:

$$[(\$450,000 - X) / \$100,000] * \$8,820, \text{ where } X \text{ is the value of the house.}$$

For houses valued above \$450,000 the PST rebate will be \$0.

#### 7>> How does the proposed PST rebate compare to the GST rebate for similarly priced homes?

Since the GST rebate includes the price of the house and land, and the PST rebate applies only to the house, the PST rebate is more generous to houses prices above \$250,000

Total Price	Land Price	House Price	GST Payable	PST Payable	GST Rebate	PST Rebate
\$220,000	\$120,000	\$100,000	\$11,000	\$6,000	<b>\$3,960</b>	<b>\$2,520</b>
\$270,000	\$120,000	\$150,000	\$13,500	\$9,000	<b>\$4,860</b>	<b>\$3,780</b>
\$320,000	\$120,000	\$200,000	\$16,000	\$12,000	<b>\$5,760</b>	<b>\$5,040</b>
\$350,000	\$120,000	\$230,000	\$17,500	\$13,800	<b>\$6,300</b>	<b>\$5,796</b>
\$370,000	\$120,000	\$250,000	\$18,500	\$15,000	<b>\$5,040</b>	<b>\$6,300</b>
\$420,000	\$120,000	\$300,000	\$21,000	\$18,000	<b>\$1,890</b>	<b>\$7,560</b>
\$470,000	\$120,000	\$350,000	\$23,500	\$21,000	<b>\$0</b>	<b>\$8,820</b>
\$520,000	\$120,000	\$400,000	\$26,000	\$24,000	<b>\$0</b>	<b>\$4,410</b>

\$570,000	\$120,000	\$450,000	\$28,500	\$27,000	\$0	\$0
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**8>> Do any other provinces have a PST rebate such as this?**

The CRA administers rebates similar to the GST new housing rebate on behalf of Ontario and Nova Scotia (both harmonized provinces). British Columbia had a similar program while it has a harmonized sales tax but does not currently offer this program.

**9>> Are appliances included in the total price of the newly construction house?**

Yes, the cost of appliances is included in the total cost of the new house, provide they are not separately identified and are of the type normally supplied by the builder for a typical residence.

**10>> How much will the rebate cost the government of Saskatchewan?**

The annual cost of the PST rebate is expected to be approximately \$9.0M per year over the three years the program is in operation.

**11>> What happens if a builder has rented out a new house prior to being able to sell it?**

The new house must not have been previously occupied so this would not qualify for the PST rebate.

**12>> What if you purchase a new home between Budget Day and April 1, 2020?**

A home purchase between Budget Day and April 1, 2020 would not be eligible for the rebate.

**13>> If I also qualify for the First-Time Homebuyers' (FTHB), do I get both the PST rebate and the credit?**

Yes, first-time homeowners who purchase a new house will be able to take advantage of both the tax credit and PST rebate.

You can find more information on the FTHB program, here (insert link).

**14>> Why didn't the government just reduce the PST rate charged by builders to 3.5%?**

A number of factors made this option more difficult than the recommended option.

- The audit review process would have been difficult.
- The phasedown of the rebate between \$350,000 and \$450,000 would have been complex.
- The introduction of a special PST rate establishes a precedent for variable PST rates. This poses a risk that other stakeholders may similarly propose lower PST rates for other "favourable" activities or higher PST rates for "unfavourable" activities. Multiple PST rates create significant administrative burden and complexity for both businesses and consumers.

**15>> How is the rebate being administered?**

The Ministry of Finance will administer the program, using co-op students and 1.0FTE. The estimated costs are \$350,000 for each of the three years the program is in operation. The administrative costs of the program can be scaled up or down if warranted by the volume of applications.