

Ministry of Revenue

December 2007

Details about the Proposed Expansion of the Land Transfer Tax First-Time Home Buyers Refund to Include Resale Homes

Proposed Amendments to the *Land Transfer Tax Act* 2007 Ontario Economic Outlook and Fiscal Review

- General** On December 13, 2007, proposed amendments to the *Land Transfer Tax Act* were announced in the 2007 Ontario Economic Outlook and Fiscal Review. The proposed amendments must be passed by the Legislature and receive Royal Assent to become law. This notice provides general information. It is not exhaustive and should not be considered as a substitute for the legislation.
- Proposal to include Resale Homes** It is proposed that the Land Transfer Tax Refund Program for First-Time Homebuyers be expanded to include purchases of resale homes. The maximum refund would be \$2000.
- Agreements After December 13, 2007** This proposal to include resale homes would be effective for agreements of purchase and sale entered into **after** December 13, 2007.

How to Claim the Refund Until the Proposed Amendments Become Law

- Newly Constructed Homes** Eligible first-time homebuyers of **newly constructed homes** should continue to have their lawyers claim the refund under current procedures at the time of registration. See [Tax Bulletin LTT4-2003 Refunds for First-Time Purchasers of Newly Constructed Homes](#). The date the agreement of purchase and sale is entered into is not a factor with respect to newly constructed homes.
- Resale Homes** Until the proposed amendments become law, the following applies to first-time homebuyers of resale homes applying for a refund:
- Land transfer tax must be paid at registration
 - The following documentation must be submitted to the Ministry of Revenue at the address at the end of this notice:
 1. A properly completed form - [Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Eligible Homes \(Resale\)](#);
 2. A copy of the registered instrument on which land transfer tax was paid (in the case of electronic registration, please include a copy of the docket summary which relates to the transaction);
 3. A copy of the agreement of purchase and sale (only those agreements of purchase and sale entered into after December 13, 2007 may qualify) along with a copy of the statement of adjustments.
 - Refund applications on resale homes cannot currently be made electronically.

Refund to be Paid once Proposals become Law

Although eligible first-time buyers of resale homes may apply for the refund once the transaction has closed and the tax has been paid, the ministry would retain the refund requests for processing and would issue refunds if the proposed amendments become law.

Eligibility Requirements**Eligibility Requirements for Resale Homes and Newly constructed Homes**

The following eligibility requirements are proposed to apply for resale homes, and continue to apply for newly constructed homes:

- The purchaser must be at least 18 years of age.
- Application for the refund must be made within 18 months after the date of the conveyance or disposition.
- The purchaser must occupy the home as his or her principal residence within 9 months of the date of closing.
- The purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world.
- A spouse of the purchaser cannot have owned a home or had any ownership interest in a home, anywhere in the world while he or she was the purchaser's spouse.

What is a Resale Home?

A resale home is referred to as an **eligible home** in the proposed legislation.

Proposed Definition of Eligible Home

It is proposed that **eligible home** be defined as follows:

- a) a detached house;
- b) a semi-detached house, including a dwelling house that is joined to another dwelling house at the footing or foundation by a wall above or below grade or both above and below grade;
- c) a townhouse;
- d) a share or shares of the capital stock of a co-operative corporation if the share or shares are acquired for the purpose of acquiring the right to inhabit a housing unit owned by the corporation;
- e) a mobile home that complies with the Canadian Standards Association Standard CAN/CSA-Z240 Mobile Homes and is suitable for year round permanent residential occupation;
- f) a condominium unit;
- g) a residential dwelling that is a duplex, triplex or fourplex;
- h) a partial ownership interest as a tenant in common of real property if the ownership interest was acquired for the purpose of acquiring the right to inhabit a housing unit forming part of the real property;

**Proposed
Definition of
Eligible Home**
Cont'd

- i) a manufactured home that is manufactured in whole or in part at an offsite location, that is intended for basement installation, that is suitable for year round permanent residential occupation and that complies with,
 - (i) the Building Code made under the *Building Code Act, 1992*;
 - (ii) if the manufactured home is constructed in sections that are not wider than 4.3 metres, Canadian Standards Association Standard Z240.2.1 Structural Requirements for Mobile Homes and Canadian Standards Association Standard Z240.8.1 Windows for Use in Mobile Homes, or
 - (iii) if the manufactured home is constructed in sections that are 4.3 metres or wider, Canadian Standards Association Standard A277 Procedure for Certification of Factory Built Houses; or;
- j) any other residential property as may be prescribed.

How to Claim the Refund Once the Proposed Amendments Become Law

Electronic Land Registrations

For electronic land registrations, providing the proposed amendments have been passed and the electronic land registration system has been updated, all eligible first-time homebuyers would be able to claim an immediate refund at time of registration by completing the required statements under the explanation tab of the electronic affidavit.

Paper Registrations

If registering on paper, providing the proposed amendments have been passed, the immediate refund would be claimed by filing an [Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Eligible Homes \(Resale\)](#) or an [Ontario Land Transfer Tax Refund Affidavit for First-Time Purchasers of Newly Constructed Homes](#) at the Land Registry Office.

Please also see Information Notice issued December 2007 entitled [Proposed Amendments to the Land Transfer Tax Act](#). A further notice will be issued once the proposed amendments become law.

For More Information

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This publication and various other English and French bulletins published by the Ministry of Revenue may be obtained online at www.rev.gov.on.ca.

Disponible en français

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ISBN 978-1-4249-5590-9 (Print)
ISBN 978-1-4249-5591-6 (HTML)
ISBN 978-1-4249-5592-3 (PDF)