



## Stated Price Net of the Enhanced British Columbia New Housing Rebate

On February 17, 2012, the Government of British Columbia announced its plans to implement enhancements to the existing British Columbia (B.C.) new housing rebates and new residential rental property rebates. The enhanced rebates, which would be administered by the Canada Revenue Agency (CRA), would generally come into effect for new housing on which the HST becomes payable on or after April 1, 2012, and before April 1, 2013.

This info sheet reflects proposed tax changes announced in the Ministry of Finance Tax Information Notice, HST Notice #12, *Enhanced New Housing Rebates and Transitional Rules for the Re-Implementation of the British Columbia Provincial Sales Tax*, issued by the Government of British Columbia on February 17, 2012.

Any commentary in this info sheet should not be taken as a statement by the CRA that the proposed changes will be enacted in their current form.

This info sheet explains how to determine the consideration payable for new housing in B.C. where a builder's price includes the HST at 12% and is net of the enhanced B.C. new housing rebate in respect of the provincial part of the HST, where the rebate amount is paid or credited by the builder to the purchaser. In these situations, the purchaser is not entitled to claim the GST/HST new housing rebate in respect of the federal part of the HST because the maximum threshold of \$450,000 for this rebate is exceeded.

The 12% HST in B.C. is composed of the federal part of 5% and the provincial part of 7%.

The enhanced B.C. new housing rebate would be available only where the HST on the purchase of the new housing becomes payable on or after April 1, 2012, and before April 1, 2013, and the consideration payable for the new housing is more than \$525,000. To determine the consideration payable for new housing in B.C. where the HST at 12% becomes payable before April 1, 2012, or for

new housing where the consideration is not more than \$525,000, see GST/HST Info Sheet GI-086, *Harmonized Sales Tax: Stated Price Net of GST/HST New Housing Rebates in British Columbia*.

The B.C. new housing rebate would not be available if only the GST, rather than the HST, is paid on the purchase of the housing (generally, where ownership and possession of the housing transfer on or after April 1, 2013).

### New housing

The term "new housing" used throughout this info sheet refers to a single unit residential complex or residential condominium unit that is newly constructed or substantially renovated. It includes the land and building portions of the housing. Substantially renovated housing is generally given the same treatment under the GST/HST as newly constructed housing. Extensive modifications must have been made to the housing in order to meet the definition of a "substantial renovation" for GST/HST purposes. For a full explanation of the factors to consider in deciding if a substantial renovation has taken place, refer to GST/HST Technical Information Bulletin B-092, *Substantial Renovations and the GST/HST New Housing Rebate*.

### Housing rebate paid or credited by a builder

Where certain conditions are met, a purchaser of new housing situated in B.C. may be entitled to claim a B.C. new housing rebate in respect of the provincial part of the HST paid on such housing. Refer to GST/HST Info Sheet GI-080, *Harmonized Sales Tax: British Columbia New Housing Rebates*, for more details on the conditions for claiming this rebate.

La version française de la présente publication est intitulée *Prix convenu déduction faite du remboursement de la TPS/TVH pour habitations neuves en Colombie-Britannique*.



The purchaser and the builder may agree to have the builder pay or credit the amount of the B.C. new housing rebate to the purchaser.

In this case, the purchaser does not submit a rebate application directly to the CRA. The purchaser will sign the rebate application and provide it to the builder who is required to send the rebate application to the CRA when the builder claims a deduction for the amount of the rebate in calculating its net tax. The deduction must be included in the net tax calculation for the reporting period during which the rebate amount was paid or credited to the purchaser.

A builder who pays or credits the amount of the rebate must make sure that the purchaser meets all of the eligibility conditions for the rebate before the amount is paid or credited to the purchaser.

## Stated price net of rebate

In this info sheet, the “stated price” is the amount the purchaser agrees to pay the builder for the housing. The stated price includes the HST payable on the purchase.

The “stated price net of rebate” means the stated price for the housing net of the enhanced B.C. new housing rebate paid or credited by the builder.

The “consideration” payable for the purchase of the new housing is the amount to be paid for the housing before any calculation of the tax payable and new housing rebate paid or credited to the purchaser.

Where a stated price net of rebate is used, a calculation must be made to determine the value of the consideration payable for the housing. The value of the consideration must be calculated before the tax payable can be determined. Similarly, the tax payable must be calculated before the amount of the rebate can be determined.

## Conditions

The formulas in this info sheet can only be used if all of the following conditions are met:

- the purchaser is buying new housing from a builder and the consideration payable is more than \$525,000;
- the new housing is situated in B.C.;

- HST at 12% applies on the sale of the new housing and becomes payable on or after April 1, 2012, and before April 1, 2013;
- the purchaser meets the conditions for claiming the B.C. new housing rebate;
- the builder pays or credits the enhanced B.C. new housing rebate to the purchaser; and
- the builder and the purchaser have agreed to a stated price net of the enhanced B.C. new housing rebate.

## Calculating the consideration payable

The formula to be used for a particular sale depends on the builder’s stated price net of rebate. A separate formula is used to calculate the consideration within two price ranges. These are set out as follows.

Where the stated price net of rebate is \$561,750 or less, see GST/HST Info Sheet GI-086, *Harmonized Sales Tax: Stated Price Net of GST/HST New Housing Rebates in British Columbia*.

### Formula no. 1

Stated price net of rebate (SPNR) is more than \$561,750 and not more than \$909,500 (meaning that the consideration is more than \$525,000 and not more than \$850,000):

$$\text{Consideration} = \text{SPNR} \div 1.07$$

### Example 1

The stated price net of rebate is \$650,000 and all of the conditions are satisfied. The consideration is calculated as follows:

#### Consideration

$$\begin{aligned} &= \$650,000 \div 1.07 \\ &= \$607,476.64 \end{aligned}$$

Once the consideration is determined, the tax payable and the new housing rebate may be calculated.

#### HST payable

$$\begin{aligned} &= \$607,476.64 \times 12\% \\ &= \$72,897.20 \end{aligned}$$

#### Enhanced B.C. new housing rebate

$$\begin{aligned} &= (\$607,476.64 \times 7\%) \times 71.43\% \\ &= \$30,374.44 \end{aligned}$$

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## Formula no. 2

Stated price net of rebate (SPNR) is more than \$909,500 (meaning that the consideration is more than \$850,000):

$$\text{Consideration} = (\text{SPNR} + \$42,500) \div 1.12$$

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### Example 2

The stated price net of rebate is \$950,000 and all of the conditions are satisfied. The consideration is calculated as follows:

### Consideration

$$\begin{aligned} &= (\$950,000 + \$42,500) \div 1.12 \\ &= \$886,160.71 \end{aligned}$$

Once the consideration is determined, the tax payable and the new housing rebate may be calculated.

### HST payable

$$\begin{aligned} &= \$886,160.71 \times 12\% \\ &= \$106,339.29 \end{aligned}$$

### Enhanced B.C. new housing rebate

$$\begin{aligned} &= (\$886,160.71 \times 7\%) \times 71.43\% \\ &= \$42,500 \text{ (maximum)} \end{aligned}$$

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This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings office for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation* explains how to obtain a ruling and lists the GST/HST rulings offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 15% in Nova Scotia, and 12% in British Columbia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.

Effective April 1, 2013, the 12% HST in British Columbia will be replaced by the 5% GST and a provincial sales tax. It is also proposed that, effective April 1, 2013, the provincial sales tax and the 5% GST currently in effect in Prince Edward Island will be replaced by a 14% HST.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec Web site to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at [www.cra.gc.ca/gsthsttech](http://www.cra.gc.ca/gsthsttech).