



# **From The Desk of The President of the Mississauga Real Estate Board**



David Cobban

## **The Harmonized Sales Tax (HST) and Real Estate in Mississauga**

The Harmonized Sales Tax (HST) takes effect July 1, 2010 and will impact real estate in a variety of ways. Mississauga Real Estate Board REALTORS® are familiar with how this tax will affect both the consumer and their own businesses.

HST is similar to the GST (Goods and Services Tax) in that it will apply a new tax to items that, in the past, would have been subject only to the GST or PST (Provincial Sales Tax). Now these items will be charged both. The HST is a combination in Ontario of the PST and the GST.

### **What's Taxable?**

#### **Services**

Currently, services associated with a real estate transaction pay only 5 percent GST. The HST will result in the 8 percent PST being levied on a variety of real estate related services, including legal fees, real estate commissions, home inspections, moving costs, home appraisal and home energy audits, all of which are currently exempt. The HST will also affect the affordability of homeownership by adding hundreds, potentially thousands of dollars in new taxes to home carrying costs. Under the HST, home owners can expect to pay 8 percent more on utilities such as gas and electricity and on home renovation labour, landscaping and snow removal.

#### **New Homes**

A brand new residential home from the builder, never having been occupied, will be subject to HST. A substantially renovated used residential dwelling would also be charged the tax. A used residential dwelling not substantially renovated would have the potential for being subject to the tax. Your MREB REALTOR® can assist you for how the tax will be calculated and applied.

#### **Condominium Fees**

Condominiums will be impacted by the HST resulting in increases to fees and reserve fund contributions for the services provided to the Corporation. Boards should reflect these increases in their budgets and consumers should be aware of these impending additional costs.

Your REALTOR® should take time at the outset of the relationship to discuss the additional expenses a consumer will incur in their real estate transaction.

MREB has presented the continuing education course "Harmonized Sales Tax" as a service to our members to better prepare them for the July 1, 2010 implementation date.

**Contact a Mississauga Real Estate Board Member today at [www.mreb.ca](http://www.mreb.ca)  
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