Ontario enhanced HST rental rebate for new rental Construction projects

November 03, 2023

On Nov. 1, 2023, the Ontario government announced that it will introduce an enhanced rebate removing the full provincial portion of the Harmonized Sales Tax (HST) on qualifying new purpose-built rental housing, in line with the federal government's enhanced GST New Residential Rental Property Rebate introduced in Bill C-56, *Affordable Housing and Groceries Act*, which received its first reading in the House of Commons Sept. 31, 2023. For further information regarding the enhanced GST New Residential Rental Property Rebate, please refer to BLG's previous article Canada's enhanced GST Rental Rebate for new rental construction projects.

What you need to know

- Enhanced Ontario HST New Residential Rental Rebate together with the federal enhanced rebate would eliminate the GST/HST (13 per cent) entirely on qualifying projects, such as apartment buildings, student housing and senior residences built specifically for long-term rental accommodation.
- The enhanced rebate will apply to qualifying projects that begin construction between Sept. 14, 2023 and Dec. 31, 2030, and complete construction by Dec. 31, 2035.

Existing Ontario HST New Residential Rental Property Rebate

- Ontario's HST New Residential Rental Property Rebate is equal to 75 per cent of the provincial portion of the HST paid on qualifying residential units, up to a maximum rebate of $24,000 per qualifying residential unit. Generally, a residential unit is a qualifying residential unit if its first use is as the primary place of residence of an individual.

Enhanced Ontario HST New Residential Rental Property Rebate

- The enhanced Ontario HST New Residential Rental Property Rebate would be equal to 100 per cent of the provincial portion of the HST, with no maximum rebate amount.
- To qualify for the enhanced HST New Residential Rental Property Rebate, new residential units must be in buildings with at least four private apartment units or at least 10 private rooms or suites and have at least 90 per cent of residential units designated for long-term rental.
- For example, for a residential rental unit valued at $500,000, the enhanced Ontario HST New Residential Rental Property Rebate would deliver $40,000 in HST relief. When combined with the enhanced GST New Residential Rental Property Rebate, the total rebate amount would be $65,000.

BLG can help you understand the implications of both enhanced New Residential Rental Property Rebates to ongoing and future new residential rental construction projects.

If you have any questions or require more information, please reach out to any of the key contacts listed below.

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