

GST TAX CUT CHART 2007—6% TO 5%¹
Transitional Rules Governing New Homes & Condominiums
 Prepared by Alan G. Silverstein, Emergis Inc., November 2007

DESCRIPTION	NEW HOME CLOSING DATE ²	NET GST PAYABLE	NEW CONDO OCCUPANCY DATE ³	NET GST PAYABLE
“WHEN IT WAS 7” “REAL OLD DEALS”-- PURCHASE AGREEMENTS ACCEPTED ON OR BEFORE MAY 2, 2006 ⁴ GST RATE: 7%	BEFORE JANUARY 1, 2008	<u>SITUATION 1</u> 7%, LESS 1% GST TRANSITIONAL REBATE INTRODUCED IN THE MAY 2006 BUDGET (THIS ALSO APPLIES TO NEW CONDOS WHERE BOTH INTERIM AND FINAL CLOSING ARE BEFORE JANUARY 1, 2008) NET GST PAYABLE: 6%	BEFORE JANUARY 1, 2008	<u>SITUATION 2</u> 7%, LESS ONLY THE 1% GST TRANSITIONAL REBATE INTRODUCED IN THE MAY 2006 BUDGET, EVEN THOUGH FINAL CLOSING OCCURS ON OR AFTER JANUARY 1, 2008 NET GST PAYABLE: 6%
“WHEN IT WAS 7” “REAL OLD DEALS”-- PURCHASE AGREEMENTS ACCEPTED ON OR BEFORE MAY 2, 2006 GST RATE: 7%	ON OR AFTER JANUARY 1, 2008	<u>SITUATION 3</u> 7%, LESS 2% GST TRANSITIONAL REBATE INTRODUCED IN THE OCTOBER 2007 ECONOMIC STATEMENT NET GST PAYABLE: 5%	ON OR AFTER JANUARY 1, 2008	<u>SITUATION 4</u> 7%, LESS 2% GST TRANSITIONAL REBATE INTRODUCED IN THE OCTOBER 2007 ECONOMIC STATEMENT NET GST PAYABLE: 5%
“6 WAS A FIX” PURCHASE AGREEMENTS ACCEPTED BETWEEN MAY 3, 2006 AND OCTOBER 30, 2007 ⁵ GST RATE: 6%	BEFORE JANUARY 1, 2008	<u>SITUATION 5</u> 6%, WITH NO GST TRANSITIONAL REBATE NET GST PAYABLE: 6%	BEFORE JANUARY 1, 2008	<u>SITUATION 6</u> 6%, WITH NO GST TRANSITIONAL REBATE, EVEN THOUGH FINAL CLOSING OCCURS ON OR AFTER JANUARY 1, 2008 NET GST PAYABLE: 6%

¹ Entitlement to possession (and not transfer of title) is the triggering event for GST liability and the setting of the GST rate.

² This is the situation for brand-new homes, and those new residential condominiums *where there is no interim closing* (i.e. both possession AND ownership are transferred on the closing date)

³ This is the situation for new residential condominiums *with separate interim and final closings* (i.e. possession alone is transferred on interim closing, while ownership is transferred on final closing).

⁴ May 2, 2006 was the date of the 2006 Federal Budget

⁵ October 30, 2007 was the date of the Fall 2007 Economic Statement

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DESCRIPTION	NEW HOME CLOSING DATE	NET GST PAYABLE	NEW CONDO OCCUPANCY DATE	NET GST PAYABLE
<p>"6 WAS A FIX"</p> <p>PURCHASE AGREEMENTS ACCEPTED BETWEEN MAY 3, 2006 AND OCTOBER 30, 2007</p> <p>GST RATE: 6%</p>	ON OR AFTER JANUARY 1, 2008	<p><u>SITUATION 7</u></p> <p>6%, LESS 1% GST TRANSITIONAL REBATE INTRODUCED IN THE OCTOBER 2007 ECONOMIC STATEMENT</p> <p>NET GST PAYABLE: 5%</p>	ON OR AFTER JANUARY 1, 2008	<p><u>SITUATION 8</u></p> <p>6%, LESS 1% GST TRANSITIONAL REBATE INTRODUCED IN THE OCTOBER 2007 ECONOMIC STATEMENT</p> <p>NET GST PAYABLE: 5%</p>
<p>"5 IS ALIVE"</p> <p>PURCHASE AGREEMENTS ACCEPTED AFTER OCTOBER 30, 2007</p> <p>GST AT 6%</p>	BEFORE JANUARY 1, 2008	<p><u>SITUATION 9</u></p> <p>6%, WITH NO GST TRANSITIONAL REBATE</p> <p>NET GST PAYABLE: 6%</p>	BEFORE JANUARY 1, 2008	<p><u>SITUATION 10</u></p> <p>6%, WITH NO GST TRANSITIONAL REBATE, EVEN THOUGH FINAL CLOSING OCCURS ON OR AFTER JANUARY 1, 2008</p> <p>NET GST PAYABLE: 6%</p>
<p>"5 IS ALIVE"</p> <p>PURCHASE AGREEMENTS ACCEPTED AFTER OCTOBER 30, 2007</p> <p>GST AT 5%</p>	ON OR AFTER JANUARY 1, 2008	<p><u>SITUATION 11</u></p> <p>5%, WITH NO GST TRANSITIONAL REBATE</p> <p>NET GST PAYABLE: 5%</p>	ON OR AFTER JANUARY 1, 2008	<p><u>SITUATION 12</u></p> <p>5%, WITH NO GST TRANSITIONAL REBATE</p> <p>NET GST PAYABLE: 5%</p>

IN SUMMARY: ONLY BUYERS IN SITUATIONS 1, 2, 7 AND 8 CAN CLAIM THE 1% GST TRANSITIONAL REBATE. ONLY BUYERS IN SITUATIONS 3 AND 4 CAN CLAIM A 2% GST TRANSITIONAL REBATE.

NOTE: This chart does not reflect the impact of the GST New Housing Rebate and the GST New Residential Rental Property Rebate on the rate of GST ultimately payable by the buyer of a new home or condominium. When the GST rate was 6%, that rebate was 36% of the GST payable, to a maximum of \$7,560, on new homes and condos (plus substantially renovated residential properties) priced below \$350,000 (excluding GST). The rebate is phased-out on prices between \$350,000 and \$450,000 excluding GST, and eliminated over \$450,000. Expect that maximum to drop to \$6,300 when the GST is lowered to 5%.

When the GST rate was 7%, the effective rate of GST payable by a buyer was as low as 4.48%. Following the drop in the GST from 7% to 6%, the effective rate of GST payable by a buyer was rolled back as low as 3.84%. When the GST rate becomes 5%, the effective rate of GST payable could be as little as 3.2%

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