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The New Residential Rental Property Rebate

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As we enter into our third decade of dealing with the federal Goods and Services Tax, most recently amended in Ontario by harmonization with the Retail Sales Tax to become the Harmonized Sales Tax, many aspects of the GST/HST continue to be the subject of some confusion. When the GST was implemented, some were concerned about the impact of increasing the cost of new residential housing by the (then) 7% GST. In order to address this, a new housing rebate system was implemented for new housing purchasers in the case where the purchaser (or his or her immediate family member) personally occupies the residential unit as his or her principal residence. This restricted the new housing rebate to new residential units being acquired as a principal residence, but did not address the impact of the GST on new residential rental property, effectively increasing the cost to purchasers of new residential housing renting out the unit to others by the added GST.