

Details of Approved Toronto Land Transfer Tax

October 23, 2007 -- Toronto City Council has approved a municipal land transfer tax that will be levied on top of the provincial land transfer tax. TREB worked very hard to oppose this tax and commends the efforts of REALTORS® on this issue. TREB took a strong position to oppose this tax as unfair in principle and refused to compromise. As a direct result of this strong position, City Council was forced to make a number of amendments to the City's original proposal, including rebates for first-time buyers, a reduced rate, and grandfathering for existing transactions.

The City has not yet provided detailed information on administration or implementation issues. The following is based on currently available information. Some information from the City is available [here](#).

What was approved by City Council?

A second land transfer tax, on top of the provincial land transfer tax, at the following rates:

Residential: (An easy-to-use residential calculator is available at www.NoHomeBuyingTax.com):

- 0.5% of the amount of the purchase price up to and including \$55,000, plus
- 1% of the amount of the purchase price between \$55,000 and \$400,000, plus
- 2% of the amount of the purchase price above \$400,000

Commercial / Industrial / Etc.:

- 0.5% of the amount of the purchase price up to and including \$55,000, plus
- 1% of the amount of the purchase price between \$55,000 and \$400,000, plus
- 1.5% of the amount between \$400,000 and \$40 million, plus
- 1% of the amount above \$40 million

When does this take effect?

February 1, 2008.

Are existing transactions grandfathered?

Yes. Any transactions where the purchaser and vendor have entered into an Agreement of Purchase and Sale for the property on or before December 31, 2007, and closing after the TLTT takes effect on February 1, 2008, will be REBATED the full amount of the Toronto land transfer tax, regardless of how long after February 1, 2008 the closing date is. (Note: Media reports that closings must occur by Feb. 1, 2008 are inaccurate.) Teranet will be collecting the Toronto land transfer tax for the City of Toronto. Once the City's grandfathering policy is reflected in Teranet's collection system, grandfathered transactions will be exempt from the Toronto land transfer tax at the time of registration. Until that time, grandfathered transactions (Agreements signed on or before December 31, 2007), closing on or after February 1, 2008, will be charged the Toronto land transfer tax, which will then be rebated by the City of Toronto. Transactions closing before February 1, 2008 will not be charged the Toronto land transfer tax. The City has indicated that the necessary changes to Teranet's system will be implemented in the "spring of 2008". If your clients have concerns, they should check with their lawyer. Once the City of Toronto provides clarification, more information will be provided.

What about Agreements of Purchase and Sale signed after December 31, 2007 with closing dates before February 1, 2008?

Purchasers with a Purchase and Sale agreement signed after December 31, 2007 with a closing before February 1, 2008 will not be required to pay the Toronto Land Transfer tax.

What about Agreements of Purchase and Sale signed after December 31, 2007 with closing dates on or after February 1, 2008?

Purchasers with a Purchase and Sale agreement signed after December 31, 2007 with a closing on or after February 1, 2008 will be required to pay the full Toronto Land Transfer tax.

Where does this apply?

The Toronto land transfer tax only applies to transactions within the City of Toronto. This does NOT apply to property transactions outside of the City of Toronto.

Are first time home buyers affected?

First time home buyers of new AND re-sale homes will receive a rebate of the Toronto land transfer tax of up to \$3,725 (this equals a 100% rebate on homes purchased for up to \$400,000). Teranet will be collecting the Toronto land transfer tax for the City of Toronto. Once the City's first-time buyer policy is reflected in Teranet's collection system, the rebate-eligible amount for first-time buyer transactions will be exempt from the Toronto land transfer tax at the time of registration. Until that time, first-time buyer

transactions will be charged the Toronto land transfer tax, which will then be rebated by the City of Toronto. The City has indicated that the necessary changes to Teranet's system will be implemented in the "spring of 2008". If your clients have concerns, they should check with their lawyer. Once the City of Toronto provides clarification, more information will be provided.

Who qualifies as a first-time home buyer?

According to the City of Toronto, eligibility rules for the Toronto Land Transfer Tax first-time buyer rebate will mirror provincial rules, as follows:

- The purchaser must be at least 18 years of age.
- The purchaser must occupy the home as his or her principal residence no later than nine months after the date of the conveyance or disposition.
- The purchaser cannot have previously owned a home, or had any ownership interest in a home, anywhere in the world, at any time.
- If the purchaser has a spouse, the spouse cannot have owned a home, or had any ownership interest in a home, anywhere in the world while he or she was the purchaser's spouse. If this is the case, NO refund is available to either spouse. Note: If a purchaser's spouse owned an interest in a home BEFORE becoming the purchaser's spouse, but not while the purchaser's spouse, the purchaser may be eligible for some rebate.

How can I get more information?

More detailed information will be provided once it is made available by the City. If you have questions, contact the City of Toronto at Access Toronto at 416-338-0338. Some information from the City is available [here](#).

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