

# Time to Remove GST and PTT from Housing



Last week, Conservative leader Pierre Poilievre promised to eliminate the GST on new homes sold for under \$1 million if his party wins the next federal election.

The savings on a \$950,000 home would be \$47,500 GST – a tax that's supposed to be a consumption tax, not a tax on land and new homes for Canadians.

Now Poilievre has called on provincial governments across Canada to join him in axing their respective sales taxes on homes sold for under \$1 million.

This would add significant savings for homebuyers, especially in BC where the home sales tax is disguised as a land transfer fee.

BC's Property Transfer Tax (PTT) is basically a sales tax, rising with the cost of housing. However, by calling it a land transfer tax, the BC government is able to charge the tax up to 3 times during the development of a new home.

The first PTT is during the land transfer from landowner to developer, the second is the lot sale from developer to builder and the final tax is the home sale to the buyer.

The average price of a home in BC is \$948,266 which translates into PTT of about \$17,000, not including the already embedded PTT.

In Victoria, the average price for a single family home is \$1,260,156 and the PTT is \$23,202. In Alberta, the land transfer fee would be about \$900.

When the GST and PTT were introduced decades ago, the average home price was far less than today's prices.

The federal government introduced a GST New Home Rebate in 1991, which inflation has eroded to being virtually non-existent in our market. The federal government promised to index the rebate to inflation, which never happened.

Three levels of government have treated housing as a cash machine, generating billions of dollars annually through inflationary taxes.

Reducing or axing the the GST and PTT would have a significant impact on housing affordability.

Poilievre's suggestion is welcome news, and long overdue if the federal and provincial governments want to get serious about housing affordability.



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