

GST/HST Info Sheet

Sales by Individuals of Owner-Occupied Homes

August 2004

This information sheet discusses common questions on the sale of owner-occupied homes by individuals. It also provides examples of how the GST/HST applies to common situations involving these sales.

In this document, “taxable” means subject to the GST/HST and “exempt” means not subject to the GST/HST.

Sales of used owner-occupied homes are usually exempt. In most cases, the GST/HST does not apply to the sale of an owner-occupied home since the owner is not a builder. Only homes sold by builders are taxable. An individual who builds, substantially renovates or buys a home for their personal use and not as a business or adventure in the nature of trade is not considered to be a builder for GST/HST purposes.

If the home is partly used for purposes other than as the owner’s residence (e.g., the owner has an office or operates a bed and breakfast establishment in the home), the sale of the home is exempt provided it was acquired and used primarily (more than 50%) for the owner’s personal use.

For information on bed and breakfast establishments, refer to the GST/HST Info Sheet, [Operating a Bed and Breakfast in Your Home](#).

If the owner-occupied home is not used primarily as a place of residence, the home is treated as two separate properties when it is sold. The GST/HST does not apply to the portion in which the owner lives; however, it applies on the remaining portion.

Question

Recently, I had a house built on a lot that I own and where I had intended to live in on a permanent basis. I lived in the house for only two months. Then my employer transferred me to another city. Consequently, I have to sell my new house. Does the GST/HST apply to the sale?

Answer

No, the GST/HST does not apply to the sale of the house. Since you built the house for your personal use and not in the course of a business or as an adventure or concern in the nature of trade, you are not considered to be a builder.

Question

My main source of income is from building and selling new houses. I usually build a new house for my own temporary use with the intention of building another house which I will move into as soon as I find a purchaser for the house I currently occupy. Does the GST/HST apply on the sale of the houses that I have built, lived in, and then sold?

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La version française de ce document est intitulée *Ventes par des particuliers — habitations occupées par le propriétaire*.

Canada

Answer

You are considered to be a builder for GST/HST purposes. Consequently, you would have to pay the GST/HST based on the fair market value of the house when you move into the house or when it is substantially completed, whichever is later. Then, when you sell the house, it would be tax exempt.

For more information refer to the GST/HST Info Sheet, [*Sale of a Residence by a Builder Who is an Individual*](#).

You may be eligible to claim a GST/HST new housing rebate provided the house was occupied as your primary place of residence, the fair market value is less than \$450,000, and other conditions are met. For more information, refer to guide RC4028, [*GST/HST New Housing Rebate*](#).

Question

After having lived in the same house since I bought it 10 years ago, I recently renovated the kitchen. It is now one year after the renovation and I have been transferred to another city. Consequently, I am selling my house. Does the GST/HST apply to the sale?

Answer

No, the GST/HST does not apply to the sale of your house. The renovation of the kitchen has no effect on the tax status of the sale of your house.

Question

My wife and I live in a house that we purchased new from a developer 13 months ago. We are about to move to another city and sell the house. My wife is an accountant and earns income from a business that is registered for GST/HST purposes and operates out of an office in one room of our house. Does the GST/HST apply to the sale?

Answer

No, the GST/HST does not apply to the sale of the house you and your wife occupied provided the house was purchased and used primarily for your personal use.

Question

I live in a small apartment (30% of the building) on the second floor of a house that I purchased in 1995 for my personal use. One year after the purchase of the house, I converted the main floor (70% of the building) into a restaurant and office and registered for GST/HST purposes. Since that time, I have been operating the restaurant from the main floor and claiming input tax credits for the GST/HST I pay on expenses related to the restaurant. I have now decided to sell the house in order to move my restaurant into larger premises. Does the GST/HST apply to the sale of the house?

Answer

Since you do not use your house primarily as your place of residence, the sale of your house would be treated as the sale of two separate properties. Tax does not apply to the portion in which you live; however, the GST/HST applies to the remaining portion. The price attributable to each portion may be determined using comparable sales of similar properties in the local real estate market.

Question

I am a doctor who lives in an apartment (30% of the building) on the second floor of a two-storey building that I own. I did not pay the GST/HST on the purchase of the building since I bought it before the GST/HST was implemented in 1991. I am a GST/HST registrant and I rent two units on the second floor (20% of the building) and one unit in the basement (10% of the building) to commercial tenants. I conduct my medical practice on the main floor (40% of the building). The GST/HST was not paid on renovations or improvements made to the building because all the work was done before 1991. I have been claiming input tax credits for tax paid on my building expenses according to the extent that the building is used for commercial purposes (30%). I am considering selling the building and wish to know whether the GST/HST would apply to the sale.

Answer

Since you do not use your building primarily as a place of residence, the sale of your building is treated as two separate sales. The GST/HST does not apply to the portion of the building in which you live, but it applies to the sale of the remaining portion of the building (70%).

For more information on who is considered a builder refer to the GST/HST Memorandum 19.2, [Residential Real Property](#).

For more information on sales of houses refer to the GST/HST Memorandum 19.2.1, [Residential Real Property—Sales](#).

GST/HST forms

If your only commercial activity is the taxable sale of your home (or the taxable portion of it) and you are not in the business of selling homes, you are required to remit the tax using GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return (Non-personalized)*. You are not required to register for GST/HST purposes. If you are a GST/HST registrant, you would remit the tax using your regular personalized GST/HST return, GST34, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return for Registrants*.

If you are selling a taxable home to a GST/HST registrant (other than an individual) or selling a taxable portion of a home to a GST/HST registrant, the registered purchaser is required to remit the tax. You are not required to collect the tax as the purchaser has to self-assess. The purchaser would remit the tax using either the GST 60, [GST/HST Return for Acquisition of Real Property](#) or, if using the home primarily in their commercial activities, their regular personalized GST/HST return GST34.

This Info Sheet does not replace the law found in *the Excise Tax Act* (the Act) and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any Canada Revenue Agency (CRA) GST/HST Rulings Centre for additional information. These centres are listed in the GST/HST Memorandum 1.2, [CRA GST/HST Rulings Centres](#). If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in the province of Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact the Ministère du Revenu du Québec (MRQ) by calling the toll-free number 1-800-567-4692.

All GST/HST publications are available on the Internet at the CRA site <http://www.cra-arc.gc.ca/tax/technical/gsthst-e.html>.

Reference in CRA publications is made to property and services taxable at 7% or 15% (the rate of the HST). The 15% HST applies to property and services provided in Nova Scotia, New Brunswick and Newfoundland and Labrador (the “participating provinces”).