



Canada Revenue  
Agency

Agence du revenu  
du Canada

# **GST/HST New Housing Rebate**

Includes Forms GST190, GST191, GST191-WS and GST515

## Before you start

### What's new

Effective July 1, 2006, under proposed legislation, the GST rate will be reduced from 7% to 6%, and the HST from 15% to 14%.

In certain cases, GST at 7% or HST at 15% will apply to the purchase of a new house even where ownership and possession are transferred after June 30, 2006. In this case, you may be entitled to claim a transitional rebate. For more information, see "GST/HST transitional rebate" on page 19.

This guide contains these proposed changes to the law which were current at the time of publication.

### Is this guide for you?

This guide is for you if you build or buy a new or substantially renovated house, including a condominium unit and a mobile home, or buy a share of the capital stock of a co-operative housing corporation.

**Rental properties** – If you buy or build a house or other building that you intend to lease to individuals as a place of residence, see our guide RC4231, *GST/HST New Residential Rental Property Rebate*, to determine if you qualify for that rebate rather than the new housing rebate.

### Internet

You can find information on GST/HST and many of our publications and forms at [www.cra.gc.ca](http://www.cra.gc.ca).

### How to contact us

If you need help to determine if you can claim the new housing rebate (such as conditions and deadlines), or to complete your rebate application, call our Business Enquiries line at **1-800-959-5525**. If you have any questions about the status or processing of your claim, call the Summerside Tax Centre at **1-800-565-9353**.

Visually impaired persons can get our publications in braille, large print, or etext (computer diskette), or on audio cassette by visiting our Web site at [www.cra.gc.ca/alternate](http://www.cra.gc.ca/alternate) or by calling **1-800-959-2221** weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

This guide uses plain language to explain the most common situations. If you need more help after you read this guide, call our Business Enquiries at **1-800-959-5525**.

La version française de cette publication est intitulée *Remboursement de la TPS/TVH pour habitations neuves*.

### Forms and publications

The forms you need to claim the new housing rebate are included in the middle of this guide. If you want more copies, visit our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call us at **1-800-959-2221**.

### Teletypewriter (TTY) users

If you have a hearing or speech impairment and use a teletypewriter, you can call our bilingual enquiry service at **1-800-665-0354** during regular hours of service, which are from 8:15 a.m. to 5:00 p.m., local time.

### Direct deposit

Direct deposit is a safe, convenient, dependable and timesaving way to receive your GST/HST rebate. Direct deposit payments are less likely to be lost, stolen, or damaged as may happen with cheques, and direct deposit is confidential.

Funds for a direct deposit payment will be available in your bank account on the same day as we would have mailed your cheque. If you send your rebate application directly to us, we can deposit your GST/HST rebate payment directly into your account at a financial institution.

To do this, complete Form GST515, *Direct Deposit Request for the GST/HST New Housing Rebate*, a copy of which is enclosed, and send it with your rebate application form.

### GST/HST and Quebec

In Quebec, Revenu Québec administers the GST/HST. If you build or buy a new house in Quebec, contact Revenu Québec at **1-800-567-4692**.

# Table of contents

	Page		Page
<b>What is the new housing rebate?</b> .....	4	<b>Houses purchased from a builder</b> .....	10
What type of housing qualifies? .....	4	Documents you have to keep .....	11
What type of housing does not qualify? .....	4	Application Type 1A or 2: You buy the house including the land from the builder.....	11
Forms you have to complete .....	4	Application Type 1B or 5: You buy the house and lease the land from the same builder.....	12
<b>Owner-built houses</b> .....	4	Application Type 3: Co-operative housing.....	12
Do you qualify for the rebate? .....	4	<b>How to complete Form GST190</b> .....	13
Forms you have to complete .....	5	Section A – Claimant information.....	13
Documents you have to send us.....	5	Section B – House Information.....	13
Document you have to keep .....	5	Section C – Housing and application type .....	13
When will you receive your payment? .....	5	Section D – Builder information.....	13
Filing deadline .....	5	Section E – Claimant’s certification.....	13
<b>How to complete Form GST191-WS</b> .....	6	Section F – Nova Scotia rebate.....	13
Section A – Claimant information .....	6	Section G – Rebate calculation.....	14
Section B – Construction information .....	6	<b>Modular home, mobile home, and floating home</b> .....	15
Section C – Construction details .....	6	Option 1 .....	16
<b>How to complete Form GST191</b> .....	8	Option 2 .....	16
Section A – Claimant information .....	8	Option 3 .....	16
Section B – House Information .....	8	<b>Nova Scotia rebate</b> .....	16
Section C – Type of construction and housing .....	8	Owner-occupant.....	16
Section D – Nova Scotia rebate .....	8	<b>Bed and breakfast and similar establishments</b> .....	18
Section E – Rebate calculation.....	8	<b>GST/HST transitional rebate</b> .....	19
Section F – Certification .....	9	<b>Where to send your rebate form</b> .....	19
<b>Substantial renovation, major addition, and conversion</b> .....	10	<b>Appendix A – Terms we use in this guide</b> .....	20
Substantial renovation .....	10		
Major addition.....	10		
Conversion.....	10		

## What is the new housing rebate?

The new housing rebate is a rebate available to individuals who build or buy a new house. This rebate allows you to recover a part of the GST or the federal part of the HST that you paid on the purchase price or cost of building a new house. If your house is located in Nova Scotia, you may qualify for an additional rebate.

Appendix A on page 20 explains some of the terms used in this guide and on the application form.

### Note

In this guide, the term **house** includes a single family home, a semi-detached house, a duplex, a townhouse, a condominium unit, a unit in a co-operative housing corporation, a mobile or modular home, and a floating home. For more information, see the definition of house in the Appendix A on page 20.

## What type of housing qualifies?

These types of housing qualify for the rebate:

- a house that you built, substantially renovated or on which you built a major addition on land that you own or lease (you can do the work yourself or hire someone to do it);
- a new mobile home (this includes a modular home) or a new floating home that you bought from a builder (this includes a vendor);
- a new or substantially renovated house (including a condominium unit) that you bought from a builder (building and land);
- a new or substantially renovated house that you bought where you lease the land from the builder under the same agreement to buy the house and the lease is for 20 years or more, or gives you the option to buy the land;
- a share of the capital stock in a co-operative housing corporation (co-op) that you bought; or
- a non-residential property that you converted into your house.

If you renovated your house, built an addition to your existing house, or converted a non-residential property into your house, see “Substantial renovation, major addition, and conversion” on page 10 to determine if the work you have done is extensive enough to consider your house as new.

## What type of housing does not qualify?

You cannot claim the new housing rebate if the house is not intended to be the primary place of residence for you or a relation. This means that you cannot claim the rebate for the purchase or construction of a cottage or an investment property.

However, you may qualify for the transitional rebate. This rebate applies to the purchase of all residential property

where you signed the purchase agreement before May 3, 2006 and possession and ownership are transferred to you after June 30, 2006. For more information, see “GST/HST transitional rebate” on page 19.

## Forms you have to complete

### Owner-built houses

If you built a new house, substantially renovated your house, built a major addition to your existing house, or converted a non-residential property into your house, you have to complete two forms:

- GST191-WS, *Construction Summary Worksheet*; and
- GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*.

See “Owner-built houses” on this page for more information on the conditions for claiming the rebate, the documents you have to send us, and the deadline for filing your rebate form. See pages 6 to 9 for line-by-line instructions on how to complete the forms.

### Houses purchased from a builder

If you buy a new house from a builder or if you buy a share in a co-op, you have to complete Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*. See “Houses purchased from a builder” on page 10 for more information on the conditions for claiming the rebate, the documents you have to send us, and the deadline for filing your rebate form. See page 13 for the line-by-line instructions on how to complete the form.

### Mobile homes

If you buy a new mobile home, you can claim the rebate using either:

- Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder* if you want to claim the rebate only on the mobile home the dealer sold you; or
- Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses* if you want to claim a rebate on the mobile home you purchased from a dealer and also on other items (such as improvement to the land or mobile home) you purchased from another vendor.

For more information on mobile homes, see “Modular home, mobile home, and floating home” on page 15.

## Owner-built houses

### Do you qualify for the rebate?

As an individual, you can claim the rebate if you meet **all** of the following conditions:

- the property is a newly built or substantially renovated house (this includes a condominium unit, a mobile or floating home);
- the house is to be the primary place of residence for you or a relation;

- the fair market value of your house (including both the building and land) is less than \$450,000. It is the fair market value of the land plus the building when substantially completed, not the cost of construction, that must be used for this value;
- you, or a relation of yours, are the first occupant since the construction or substantial renovation began or, if you sell the house and transfer ownership before it is occupied by anyone, the sale is exempt from GST/HST; and
- you pay the GST/HST on the land or the construction materials and services related to the construction or substantial renovation.

#### Note

Even if the fair market value of your substantially completed house is \$450,000 or more, you may still be eligible for a rebate if your house is located in Nova Scotia. However, this rebate is available for new house construction only and not for a substantial renovation or conversion. For more information, see “Nova Scotia rebate” on page 16.

## Forms you have to complete

**Form GST191-WS, Construction Summary Worksheet.** You have to complete this form first. It will help you determine the amount of GST/HST you paid during the construction and it will help determine if you qualify for the rebate.

**Form GST191, GST/HST New Housing Rebate Application for Owner-Built Houses.** You have to complete this form to calculate your rebate amount.

Send us both forms to:

Summerside Tax Centre  
275 Pope Road  
Summerside PE C1N 6A2

The Summerside Tax Centre processes all new housing rebate claims from across Canada.

These two forms are included in the middle of this guide.

## Documents you have to send us

In addition to the two forms, you have to send us proof of occupancy. Send us a copy of **one** of the following documents (photocopies are acceptable):

- the new house insurance policy with dates and coverage;
- your vehicle insurance or registration that shows the new address; or
- an invoice for telephone, hydro, or natural gas hook-up **and** cancellation at the previous address.

You also have to send us a copy of all invoices you received from vendors who did not charge you the GST/HST. Do not send us the other invoices.

## Documents you have to keep

Keep a copy of the completed forms. You also have to keep all your original invoices and the other documents you used to complete the forms for six years and, if requested, make them available to us for audit.

Only original invoices in the name of the claimant or the co-owners are acceptable. We do not accept photocopies, credit card or interac slips, or account statements, without the original invoices. We do not accept estimates or quotes as proof. If we ask you to send your invoices to us, we will return them.

## When will you receive your payment?

Because all claims are subject to audit, you may experience a delay of up to six months before receiving your payment. In addition, the processing of your claim may be delayed or your rebate denied if the forms are not completed in full, the rebate calculation is incorrect, or if the documents requested are not submitted with your application. If you have questions about the status or processing of your claim, call us at **1-800-565-9353**.

## Filing deadline

The following three situations will help you determine which filing deadline applies to you.

### Situation 1 – House occupied after the construction or substantial renovation is substantially completed

In this situation, you can apply for the rebate after the house is occupied. Enter the date the construction or the substantial renovation is substantially completed in the appropriate area of Section B of Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*.

You have up to **two years** after that date to claim the rebate. Include in your calculation the GST/HST paid from the beginning of the construction or substantial renovation to the date you file your rebate application, including any GST/HST you paid on the purchase of the land.

### Example – House occupied after substantial completion of construction

Hassan started building his own house in September 2005. The house was substantially completed on April 30, 2006, and he moved in on May 31, 2006. According to the rule in situation 1, the earliest that he can apply for the rebate is May 31, 2006. He enters April 30, 2006, in Section B of Form GST191. Hassan has until April 30, 2008, to claim the rebate for a part of the GST/HST paid from the beginning of the construction to the date he files the rebate application.

## Situation 2 – House sold before it is occupied

In this situation, you can apply for the rebate after the house is sold. In the appropriate area of Section B of Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*, enter whichever of the following dates comes first:

- the date you transfer ownership to another person; or
- the date the construction or substantial renovation is substantially completed.

You have up to **two years** after that date to claim the rebate. Include in your calculation the GST/HST paid from the beginning of the construction or substantial renovation to the date you file your rebate application, including any GST/HST you paid on the purchase of the land.

## Situation 3 – House occupied before construction or substantial renovation is substantially completed

In this situation, you can apply for the rebate after the construction or substantial renovation is substantially completed. In the appropriate area of Section B of Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*, enter whichever of the following dates comes first:

- the day that is two years after the day you or a relation first occupied the house after the construction or substantial renovation has begun; or
- the date the construction or substantial renovation is substantially completed.

You have up to **two years** after that date to claim the rebate.

However, do not include in your rebate calculation any GST/HST that became payable more than two years after the day you or a relation first occupied the house after the construction or substantial renovation began. For rebate purposes, it does not matter when you acquired the land.

### Example – House occupied before substantial completion of construction

France and Tony started building their house in March 2004. They moved in on June 30, 2005. Construction was substantially completed on November 20, 2005. The earliest date to file the rebate application is November 20, 2005.

France or Tony enters November 20, 2005 in Section B of Form GST191, which is the earliest of the following dates:

- the date that is two years after the day they first occupy the house, which is July 1, 2007 (two years after June 30, 2005); and
- the date the construction is substantially completed, which is November 20, 2005.

France or Tony has until November 20, 2007, to claim the rebate. However, any GST/HST that became payable after June 30, 2007 cannot be included in the rebate calculation.

## How to complete Form GST191-WS

You have to complete and submit Form GST191-WS, *Construction Summary Worksheet* with your rebate application. This worksheet takes into account the recent changes to the GST and HST rates.

As all claims are subject to audit, make sure this worksheet is completed in full to avoid a delay in processing your claim or having it denied.

### Note

The HST is the tax paid in the three participating provinces (Nova Scotia, New Brunswick, and Newfoundland and Labrador). You pay the HST if you buy goods and services in those provinces.

## Section A – Claimant information

You have to complete this section. To avoid processing delays, be sure to attach proof of occupancy to the form, such as the house insurance policy with dates and coverage, vehicle insurance or registration with the new address, or an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

## Section B – Construction information

Certain parts of this section (construction start and end dates, and dimensions of the new construction, substantial renovation, or major addition, fair market value) have to be completed. Complete the other parts (such as the description of the substantial renovation or major addition) only if they apply to you.

## Section C – Construction details

This section lists the goods and services that qualify for the rebate. Certain expenses do not qualify. A number of these are listed at the bottom of page 2 of the form.

In Section C, you have to enter details from the construction invoices for each good or service eligible for the rebate, **whether or not GST/HST was charged**. Do not enter details from quotes or estimates. For each good or service eligible for the rebate, enter the vendor's name, the vendor's Business Number (the nine-digit number often called the GST/HST number), the invoice date, and the invoice number. If an invoice does not identify the vendor's Business Number, complete the line, but do not enter anything in the column "Vendor's Business Number." You also have to give the type of purchase (labour only, materials only, or labour and materials if both are on the one invoice), and the total amount paid. The last four columns are used to identify the amount of GST paid at 6% and 7% and the HST paid at 14% and 15%. Include only amounts that you actually paid.

The following information will help you complete Section C:

1. Land purchase – cost of land or interest in land.

2. General contractor – if you hire a general contractor to build your house and you pay the general contractor directly for the construction costs, use this line to record the cost. The majority of the following subheadings will then not be applicable.
3. Architectural and engineering – include costs for blue prints, plans, drawings, surveys, and labour.
4. Site preparation – include costs for an access road, excavation, lot clearing, fill, rough grading, and labour.
5. Demolition – includes labour.
6. Utility connections – water, sewer, natural gas, electricity, and other – includes labour.
7. Excavation and backfill – includes shoring, earth hauling and labour.
8. Footings/Foundation – includes insulated concrete forms (ICF), preserved wood foundations (PWF), cement, concrete blocks, gravel, sand, weeping tile, parging, rebar and reinforcing steel, and labour.
9. Waterproofing – includes termite protection and labour.
10. Framing – (floor, wall, and roof) all rough framing including posts, joists, plywood, cross bracing, studs, sheathing, trusses, gables, rough stairs, plates, hardware, and labour.
11. Concrete finishing – Garage: includes carport slab, stairs, precast decks and walls, and labour. Basement: basement floor and labour.
12. Plumbing – includes all rough plumbing and labour.
13. Electrical wiring, outlets – includes all rough electrical and labour.
14. HVAC (built-in heating, ventilation, air conditioning) – includes furnace, thermostats, ductwork, ventilation, air conditioner, hardware, and labour.
15. Roofing – roofing materials and labour.
16. Masonry – includes chimney, fireplace, brick veneer, brick/stone wall, masonry flooring, and labour.
17. Windows and doors – includes windows, skylights, storm windows and doors, exterior doors, interior/closet doors, sliding glass/French doors, hardware, and installation.
18. Garage door(s) – includes hardware and installation.
19. Insulation – Roof and ceiling: includes labour. Walls: includes foundation insulation, whether installed on exterior or interior, and labour. Vapour barrier: includes weather stripping and labour.
20. Exterior finish – Siding: includes shutters, posts and columns, cornices and rake trim, hardware, and labour. Eavestroughing: includes downspouts and labour. Soffit and fascia: includes labour.
21. Exterior painting – includes labour.
22. Drywall – includes labour for hanging and finishing.
23. Flooring – Resilient flooring: includes linoleum, laminate, and installation. Carpeting: includes installation. Hardwood flooring: includes installation. Staircase: includes finished staircase and labour.
24. Ceramic tile – includes installation.
25. Trim carpentry – includes mouldings, panelling, closet shelving, trim carpentry, hardware and labour.
26. Cabinets and vanities – includes kitchen cabinets, countertops, bathroom cabinets and vanities, hardware, and labour.
27. Built-in appliances – includes all built-in appliances.
28. Plumbing fixtures – includes finished plumbing fixtures such as tub, shower pan, toilet, bidet, sinks, water heater, laundry tub, and labour.
29. Lighting fixtures – includes light fixtures, switches, plates, receptacles, and labour.
30. Interior decoration – Painting: includes labour. Wall: coverings and drapery hardware, includes labour.
31. Landscaping – fill and topsoil, trees, shrubs, sod (including seed), irrigation system, includes labour.
32. Driveway – includes material and labour.
33. In-ground swimming pool – includes labour.
34. Outdoor patio – includes labour.
35. Decks – includes labour.
36. Fencing – includes labour.
37. Legal fees – for land purchase and construction of the house (not legal fees on mortgages).
38. Well – drilling and labour.
39. Security system – purchase and installation of a pre wired security system.
40. Septic system – includes labour.
41. Mobile home.
42. Modular home.
43. Floating home.
44. Equipment rental – only equipment directly related to the construction.

Use "Others" to enter the information on items that are not listed in the worksheet.

If you have several invoices from the same vendor, you may add up all the invoices from that vendor and record the information on one line. In that case, do not enter anything in the column "Invoice number." The column "Invoice date" should indicate the date of the first invoice from that vendor. Give a brief description of the goods or services purchased from that vendor, the total amount paid (including GST/HST), and the total amount of GST/HST paid.

If you purchased land, record it as a separate item on line 1. Record the name of the person or company that previously owned the land, not the lawyer's name. Record any legal fees paid for the land on line 37.

## Calculating the total amount of tax paid

Follow the instructions at the bottom of page 4 to determine the amount of tax paid that you will use to calculate your rebate amount on Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*.

- The amount in Box 1 represents the total amount of GST you paid at 6%. Report this amount on line A at the bottom of page 4 of Form GST191-WS and on line A on page 2 of Form GST191.
- The amount in Box 2 represents the total amount of GST you paid at 7%. Report this amount on line B at the bottom of page 4 of Form GST191-WS and on line B on page 2 of Form GST191.
- The amount in Box 3 represents the total amount of HST you paid at 14% if you bought goods and services in Nova Scotia, New Brunswick, or Newfoundland and Labrador. Do the calculation at the bottom of page 4 of Form GST191-WS to determine the federal part of HST used to calculate your rebate amount. Report the result of the calculation on line C on page 2 of Form GST191.
- The amount in Box 4 represents the total amount of HST you paid at 15% if you bought goods and services in Nova Scotia, New Brunswick, or Newfoundland and Labrador. Do the calculation at the bottom of page 4 of Form GST191-WS to determine the federal part of HST used to calculate your rebate amount. Report the result of the calculation on line D on page 2 of Form GST191.

You are now ready to complete Form GST191 to calculate your rebate amount.

## How to complete Form GST191

You have to file Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses* to claim the GST/HST new housing rebate. This form is included in the middle of this guide.

You can only apply for the GST/HST new housing rebate once, using a single application form for each house. You cannot file another rebate application for additional work, or extras done on your house.

Only one individual can apply for the rebate, even if there is more than one owner of a house. For example, if a husband and wife build a new house, only one name (either the husband's or the wife's) should appear as the claimant on the application form. The name of the other spouse should appear as the co-owner.

You have to complete sections A, B, C, E, and F of Form GST191. Be sure that you meet the eligibility conditions. If you are paid a rebate amount to which you are not entitled, you are required to repay it to us.

If your house is located in Nova Scotia, you also have to complete section D if you want to claim the Nova Scotia rebate.

## Section A – Claimant information

You have to complete this section. Only one individual can claim the rebate, even if more than one individual owns the house. Enter one name as the claimant, and then the other names as co-owners.

## Section B – House information

You have to complete this section. You can have only one primary place of residence.

## Section C – Type of construction and housing

Check the boxes that apply to your type of construction and type of housing.

## Section D – Nova Scotia rebate

You have to complete this section if your house is located in Nova Scotia and you want to claim the Nova Scotia rebate.

Answer all the questions (answer *No* if the question does not apply). If you answer *Yes* to any of the questions, you have been an owner-occupant in the last five years and are not eligible for the Nova Scotia rebate. For more information, see "Nova Scotia rebate" on page 16.

## Section E – Rebate calculation

### Line A

Report on line A the amount from line A on the bottom of page 4 of Form GST191-WS. This amount represents the total amount of GST you paid at the rate of 6%.

### Line B

Report on line B the amount from line B on the bottom of page 4 of Form GST191-WS. This amount represents the total amount of GST you paid at the rate of 7%.

### Line C

Report on line C the amount from line C on the bottom of page 4 of Form GST191-WS. This amount represents the federal part of HST you paid at the rate of 14%.

### Line D

Report on line D the amount from line D on the bottom of page 4 of Form GST191-WS. This amount represents the federal part of HST you paid at the rate of 15%.

### Line E

Add lines A, B, C, and D, and enter the result on line E.

### Line F

Multiply line E by 36% and enter the result on line F.



Go directly to line J if one of the following situations applies to you:

- you paid **only** 7% GST and/or 15% HST on **all** your purchases; or
- **almost all** of the tax you paid on your purchases was at the rate of 6% GST and/or 14% HST. In this case, **almost all** means 90% or more.

If not, this means that you paid GST and/or HST at different rates. This would be the case if, for example, you paid 7% GST on the land and 6% GST on the construction materials. If this is your situation, you have to do the calculations on lines G, H, and I.

If you are not sure if you should do the calculations on lines G, H, and I, do them. The rebate calculations will be longer, but accurate.

### Line G

Add lines B and D and enter the result on line G.

### Line H

Divide line G by line E and enter the result on line H. Unlike the other calculations, this result is not a dollar amount. It is a fraction that should start with 0 followed by a period if you paid GST and/or HST at different rates. It would equal 1 if you paid GST/HST at one rate. Enter only the first four digits following the period.

### Line I

Multiply the fraction you have on line H by \$1,260 and then add \$7,560. Enter the result on line I.

### Line J

Follow these steps to determine the amount on line J:

- **Step 1:** If you paid **only** 7% GST and/or 15% HST on **all** your purchases, enter **\$8,750** on line J and go to line K. If this situation does not apply to you, go to step 2.
- **Step 2:** If **almost all** of the tax you paid on your purchases was at the rate of 6% GST and/or 14% HST, enter **\$7,560** on line J and go to line K. In this case, **almost all** means 90% or more. If this situation does not apply to you, go to step 3.
- **Step 3:** If step 1 and step 2 do not apply to you, this means that you have paid GST and/or HST at different rates. If this is the case, enter on line J the amount you calculated on line I.

### Line K

Enter on line K **the lesser of** the following amounts:

- the amount on line F; or
- the amount on line J.

### Line L

Enter on line L the fair market value of the house (building and land) at the time the construction or substantial renovation was substantially completed. This amount

should be the same as the amount you entered in section B of Form GST191-WS.

You may want to get a professional appraisal to support your rebate claim if the fair market value of your house is close to, or more than, \$350,000. Include the house and land but do not include provincial land transfer taxes in determining the fair market value. We may ask for information to support your valuation.

For a mobile home or floating home, enter the fair market value at the earlier of the day:

- you or a relation first occupy the home; or
- the day you transfer ownership of the home to a purchaser if you sell the home before it is occupied by you or a relation.

### Line M

If the amount on line L is \$350,000 or less, enter the amount from line K.

If the amount on line L is \$450,000 or more, enter "0", since no rebate is allowable.

If the amount on line L is more than \$350,000, but less than \$450,000, do the calculation and enter the result on line M. Your rebate is reduced when the fair market value is between \$350,001 and \$449,999.

The amount calculated for line M is the amount of your new housing rebate. If your house is located in Nova Scotia, do the calculations for lines N and O.

### Line N

Add the amounts from Boxes 3 and 4 on page 4 of Form GST191-WS. This amount represents all the HST you paid on the construction of your house.

### Line O

You can claim an additional rebate if you built, or had another person build, your house in Nova Scotia and you are eligible to claim a rebate, or you would be eligible if line L was less than \$450,000. This rebate is not available for a substantial renovation or a conversion.

Do the calculation and enter the result on line O to a maximum of **\$1,500**.

If you have been an owner-occupant in the last five years, you do not qualify for the Nova Scotia rebate. For more information, see "Nova Scotia rebate" on page 16.

### Line P

Add line M to line O. This is the total amount you are claiming for the new housing rebate and the Nova Scotia rebate.

## Section F – Certification

You have to sign your rebate application. If another person signs the application on your behalf, he or she must have a power of attorney to do so and you have to include a copy of the power of attorney with the application.

## Substantial renovation, major addition, and conversion

You may claim the new housing rebate if you substantially renovated your house, built a major addition to your house, or converted a non-residential property to a house. If you qualify, you have to complete Form GST191-WS, *Construction Summary Worksheet* and Form GST191, *GST/HST New Housing Rebate for Owner-Built Houses*.

This information will help you determine if the construction work you did to your house is extensive enough to consider your house as new. You still have to meet the other conditions to be entitled to the new housing rebate.

### Substantial renovation

If a house has been substantially renovated, it is generally treated as a newly built house.

However, major changes have to be made to meet the definition of a substantial renovation. In a major renovation project, the interior of a building is essentially gutted. This type of renovation project qualifies as a substantial renovation. Generally, 90% or more of the interior of an existing house is the minimum that has to be removed or replaced to qualify as a substantial renovation.

You do not have to touch the foundation, external and supporting walls, roof, floors, and staircases to meet the 90% test. If you do remove or replace one of these during a substantial renovation, the GST/HST paid for doing this or for the removal or replacement is also eligible for the rebate.

Any fair and reasonable method, such as comparing the square footage of the renovated areas to the total floor space of the house, is an acceptable measure of the 90% test. You can also compare the square footage of floor and wall space of the areas renovated to the total floor and wall space of the house.

Only liveable areas count toward a substantial renovation. This would include the main floor living areas and finished basements and attics. Liveable areas do not include garages or crawl spaces, which are not considered when meeting the 90% test. Work done in a partially completed but not yet liveable basement does not count toward the 90% test.

A renovation of your basement, or adding a garage or a deck to your existing house, would **not** meet the definition of a substantial renovation and you would not qualify for the new housing rebate.

An addition to a house is not considered to be a substantial renovation, as it is the existing house that must be renovated. For example, if a 2000 square foot bungalow is being renovated and a 300 square foot addition is added, the 90% test does not consider the addition. However, if this project is found to be a substantial renovation, the GST/HST paid on the addition is also eligible for the rebate.

### Major addition

You may qualify for the new housing rebate by adding an addition to your house, along with its renovation. The work must be so great that the result is viewed as a newly built house.

The addition should at least double the size of the liveable areas of your existing house, which is absorbed into the new one. An example would be adding a full second story to an existing bungalow. Along with doubling the size, the changes to the existing house and use of its rooms after construction should be so great that the existing house ceases to exist.

The construction of a porch, sunroom, family room, or bedroom, or the construction of more than one room, is not considered to result in a newly built house.

### Conversion

When you convert a property from non-residential into a house, it is considered a substantial renovation, regardless of how much work, if any, is actually done. You then qualify for the new housing rebate for a part of the GST/HST paid on the cost of the conversion if you meet the other conditions.

If you buy a building that was used by a person for non-residential purposes to be your residence, the rebate is available for a part of any GST/HST paid on the purchase and other improvements made to convert the building. All the other conditions for eligibility must be met.

For more information on substantial renovation, major addition, and conversion, see our Technical Information Bulletin B-092, *Substantial Renovations and the GST/HST New Housing Rebate*.

## Houses purchased from a builder

You may be eligible to claim the new housing rebate if you purchased a new or substantially renovated house from a builder, including a condominium unit, or a share of the capital stock of a co-op. To claim the rebate, you have to complete Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*.

When you buy a house from a builder, the builder may pay the rebate directly to you or credit the amount against the total amount payable for the house. If you and the builder agree that the builder pay or credit you the rebate, you may not file the rebate application directly with us later.

#### Note

Builders who pay or credit you the rebate must ensure you are eligible for the rebate before the payment or credit is made. For example, is the house intended to be, on purchase, a primary place of residence for you or a relation?

Builders have to file the application forms for claims assigned to them with their GST/HST return for the reporting period in which they pay or credit the rebate.

Builders should not confuse the above filing deadline for the application form with the four-year deadline for claiming input tax credits or the two-year deadline for purchasers.

There are five application types in Section C of Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased from a Builder*. Each type has its own eligibility requirements and deadline.

- Use Application Type 1A if you buy the house including the land from the same builder and the builder pays the rebate directly to you or credits the amount against the total amount payable for the house.
- Use Application Type 1B if you buy the house and lease the land from the same builder and the builder pays the rebate directly to you or credits the amount against the total amount payable for the house.
- Use Application Type 2 if you buy the house including the land from the same builder and the builder **does not** pay the rebate directly to you or **does not** credit the amount against the total amount payable for the house. In this case, you have to file the rebate application directly with us.
- Use Application Type 3 if you buy a share of the capital stock of a co-op.
- Use Application Type 5 if you buy the house and lease the land from the same builder and the builder **does not** pay the rebate directly to you or **does not** credit the amount against the total amount payable for the house. In this case, you have to file the rebate application directly with us.

If you buy a mobile home, a modular home, or a floating home, see page 15 for more information.

#### Note

If you signed an agreement to buy a new house before May 3, 2006 and both ownership and possession are transferred after June 30, 2006, you may be entitled to claim the transitional rebate due to the reduction in the GST/HST rate. For more information, see “GST/HST transitional rebate” on page 19.

## Documents you have to keep

Keep a copy of the completed form. You also have to keep the original documents used to complete the form (such as a copy of the purchase and sale agreement) for six years and, upon request, make them available to us for audit.

## Application Type 1A or 2: You buy the house including the land from the builder

As an individual, you are eligible to claim the rebate if you meet **all** of the following conditions:

- you buy a new or substantially renovated house (this includes a condominium unit, a house that has had a major addition or a non-residential property that was converted to a house) from a builder and you pay the GST/HST;

- the builder sells you the house including the land on which the house is located (except for mobile and floating homes, where the vendor only sells you the home);
- when you sign the purchase and sale agreement, the house is intended to be the primary place of residence for you or a relation;
- the purchase price for the house (including the land, where applicable) is less than \$450,000;
- ownership of the house is transferred to you after the construction or substantial renovation is substantially completed;
- no one occupied the house before possession of the house is given to you and after the construction or substantial renovation is substantially completed;
- you, or a relation of yours, are the first occupant of the house; and
- if you sell the house before it is occupied by anyone, the sale is exempt from GST/HST.

#### Note

Even if the purchase price is \$450,000 or more, you may still be eligible for a rebate if your house is located in Nova Scotia. For more information, see “Nova Scotia rebate” on page 16. You may also be eligible for the transitional rebate. For more information, see “GST/HST transitional rebate” on page 19.

Use Application Type 1A if you and the builder agree that the builder will pay or credit you the rebate.

Use Application Type 2 if you file your rebate application directly with us. You can only base your claim on the GST/HST paid on the house, land and related services purchased from the builder. If you hired a contractor to build a house on land you own, see “Owner-built houses” on page 4. The contractor cannot pay or credit you the rebate.

## Filing deadline for Application Type 1A or 2

You have up to two years from the date ownership was transferred to you to claim your rebate directly from us.

Generally, if the builder pays or credits you the rebate, you sign the application form in the presence of the builder who is required to send it to us. If this does not happen, you have up to two years to get the application form to the builder and have the builder pay or credit you the rebate.

For GST/HST purposes, ownership generally refers to the legal ownership (that is, titled ownership) to the property that is transferred to you on the closing of the sale.

## Documents you have to send us

If the builder pays or credits you the rebate, you do not have to send us any documents. The builder will send us the rebate application.

If the builder does not pay or credit you the rebate, you have to send us the following documents:

- Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*;

- a copy of your Statement of Adjustments; and
- one of the following documents as proof of occupancy (a photocopy is acceptable):
  - the new house insurance policy with dates and coverage;
  - your vehicle insurance or registration that shows the new address; or
  - an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

## Application Type 1B or 5: You buy the house and lease the land from the same builder

As an individual, you are eligible to claim the rebate if you meet **all** of the following conditions:

- you buy a new or substantially renovated house (this includes a condominium unit, a house that had a major addition, or a non-residential property that was converted to a house) from a builder and you lease the related land from that builder;
- the lease for the land with the builder gives you the option to buy the land, or is at least 20 years long;
- when you sign the agreement to purchase the house and lease the land, the house is intended to be the primary place of residence for you or a relation;
- the builder was required to pay the GST/HST on the fair market value of the house (building and the land);
- the fair market value of the house (building and land) is less than
  - \$481,500 if possession of the house was transferred to you before July 1, 2006; or
  - \$477,000 if possession of the house was transferred to you after June 30, 2006 unless possession of the house was transferred under an agreement signed before May 3, 2006. In this case, the fair market value must be less than \$481,500;
- possession of the house is given to you after the construction or substantial renovation is substantially completed;
- no one occupied the house before possession of the house is given to you and after the construction or substantial renovation is substantially completed;
- you, or a relation of yours, are the first occupant of the house; and
- if you sell the house and transfer ownership before it is occupied by anyone, the sale is exempt from GST/HST.

### Note

Even if the fair market value of the house including the land exceeds the maximum (either \$477,000 or \$481,500 as the case may be), you may still be eligible for a rebate if your house is located in Nova Scotia. For more information, see “Nova Scotia rebate” on page 16.

You may also be eligible for the transitional rebate. For more information, see “GST/HST transitional rebate” on page 19.

Use Application Type 1B, if you and the builder agree that the builder will pay or credit you the rebate.

Use Application Type 5 if you decide to file your rebate application with us.

## Filing deadline for Application Type 1B or 5

You have up to two years from the date possession was transferred to you to claim your rebate directly from us.

Generally, if the builder pays or credits you the rebate, you sign the application form in the presence of the builder who is required to send it to us. If this does not happen, you have up to two years to get the application form to the builder and have the builder pay or credit you the rebate.

For GST/HST purposes, the date of possession generally means the day you can hold, control, or occupy the property—that is, you start to pay property taxes, have the right to alter the land, take control of entry or access, pay insurance coverage, or plant trees.

## Documents you have to send us

If the builder pays or credits you the rebate, you do not have to send us any documents. The builder will send us the rebate application.

If the builder does not pay or credit you the rebate, you have to send us the following documents:

- Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*;
- a copy of your Statement of Adjustments; and
- one of the following documents as proof of occupancy (a photocopy is acceptable):
  - the new house insurance policy with dates and coverage;
  - your vehicle insurance or registration that shows the new address; or
  - an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

## Application Type 3: Co-operative housing

As an individual, if you buy a share of the capital stock of a co-operative housing corporation (co-op), you are eligible to claim the rebate if you meet **all** of the following conditions:

- the co-op has paid GST/HST on its purchase or on the fair market value of the whole complex;
- the co-op transfers ownership of the share to you;
- when you sign the purchase and sale agreement for the share, you plan to use a unit of the co-op as your primary place of residence or that of a relation;

- you pay less than:
  - \$481,500 for the share if the co-op paid 7% GST or 15% HST on the purchase or fair market value of the whole complex; or
  - \$477,000 for the share if the co-op paid 6% GST or 14% HST on the purchase or fair market value of the whole complex;
- no one occupied the unit before possession of the unit is given to you and after the construction or substantial renovation is substantially completed;
- you, or a relation of yours, are the first occupant of the unit;
- if you sell the share, ownership is transferred before anyone occupies the unit; and
- the building in which the unit is located is newly built or substantially renovated.

**Note**

Even if you pay \$481,500 or more (if the co-op paid 7% GST or 15% HST) or \$477,000 or more (if the co-op paid 6% GST or 14% HST) for the share, you may still be eligible for a rebate if the building is located in Nova Scotia. For more information, see the section “Nova Scotia rebate” on page 16.

Use Application Type 3 to file your rebate application with us. The co-op cannot pay or credit you the rebate.

**Filing deadline for Application Type 3**

You have up to two years from the date ownership of the share was transferred to you to claim your rebate.

**Documents you have to send us**

You have to send us the following documents:

- Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*;
- a copy of your Statement of Adjustments; and
- one of the following documents as proof of occupancy (a photocopy is acceptable):
  - the new house insurance policy with dates and coverage;
  - your vehicle insurance or registration that shows the new address; or
  - an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

**How to complete Form GST190**

You have to file Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*, to claim the GST/HST new housing rebate.

You can only apply for the GST/HST new housing rebate once, with one application form for each house. You cannot make another rebate application for additional work or extras done on your house.

Only one individual can apply for the rebate, even if there is more than one owner of a house. For example, if a couple buys a new house, only the name of one spouse should appear as the claimant on the application form. The name of the other spouse should appear as the co-owner.

You have to complete sections A, B, C, E, and G of Form GST190. Be sure that you meet the conditions for your application type. If you are paid a rebate amount that you are not entitled to, you are required to repay it to us.

If your house is located in Nova Scotia, you also have to complete section F if you want to claim the Nova Scotia rebate.

When you buy your new or substantially renovated house from a builder, the builder must complete Section D of the form. If your builder pays or credits you the rebate, they have to ensure that you are entitled to the rebate before they pay or credit you. Both you and the builder are liable to repay any overpaid amount.

**Section A – Claimant information**

You have to complete this section. Only one individual can claim the rebate, even if more than one individual owns the house. If this is the case, enter the names of the co-owners. To avoid processing delays, be sure to attach proof of occupancy to the form, such as the house insurance policy with dates and coverage, vehicle insurance or registration with the new address, or an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

**Section B – House information**

You have to complete this section. You can have only one primary place of residence.

**Section C – Housing and application type**

Check the boxes that apply to your type of housing.

After you decide which application type is appropriate, choose it from the list of five and check the appropriate box.

**Section D – Builder information**

The builder has to complete and sign this section if your application type is 1A, 1B, 2, or 5.

**Section E – Claimant’s certification**

Every claimant has to complete this section. You have to sign your rebate application even if the builder pays or credits the rebate directly to you. If you have agreed that the builder or some other person will sign the application on your behalf, he or she must have a power of attorney to do so. You have to include a copy of the power of attorney with the application.

**Section F – Nova Scotia rebate**

You have to complete this section if your house is located in Nova Scotia and you want to claim the Nova Scotia rebate.

Answer all the questions (answer *No* if the question does not apply). If you answer *Yes* to any of the questions, you have been an owner-occupant in the last five years and are not eligible for the Nova Scotia rebate. For more information, see “Nova Scotia rebate” on page 16.

## Section G – Rebate calculation

Calculate your rebate using the instructions in either Part I, II, or III of this section, depending on your application type in Section C.

### Part I: Rebate calculation for Application Types 1A and 2

#### Line A

The HST is the tax you pay in the three participating provinces (Nova Scotia, New Brunswick, and Newfoundland and Labrador). For example, if you buy a new house in New Brunswick from a builder, you will pay the HST. To obtain the federal part of the HST (the amount of tax on which the new housing rebate is calculated), you have to do one of the following calculations:

- If you paid 14% HST, multiply the total HST paid by 6 and divide the resulting amount by 14. Enter the result on line A.
- If you paid 15% HST, multiply the total HST paid by 7 and divide the resulting amount by 15. Enter the result on line A.

If your house is not located in a participating province, you did not pay the HST. Do not enter any amount on line A.

#### Line B

Enter the total GST paid on line B. For example, if you buy a new house in Ontario from a builder, enter the GST paid here.

If your house is located in a participating province and you paid HST, do not enter any amount on line B.

#### Line D

Enter the **purchase price** of the house (including a mobile home or floating home) paid to the builder.

#### Line E

Do one of following calculations:

- If you paid 14% HST or 6% GST, multiply the amount from line A or B by 36%. **The maximum amount you can enter on this line is \$7,560.**
- If you paid 15% HST or 7% GST, multiply the amount from line A or B by 36%. **The maximum amount you can enter on this line is \$8,750.**

For example, if you buy a new house on which you have paid 6% GST and you enter \$14,000 on line B, enter 36% of that amount, which is \$5,040, on line E. If the amount you enter is \$26,000 on line B, 36% of that is \$9,360. In this case, you can only enter \$7,560 on line E, which is the maximum amount for that line.

The next step is to complete line F to see if the amount on line E is accepted without change or is reduced based on the purchase price of the house.

#### Line F

Follow these steps to determine the amount for line F:

- If the amount on line D is \$350,000 or less, enter the amount from line E on line F.
- If the amount on line D is \$450,000 or more, enter “0” on line F, since no rebate is allowable.
- If the amount on line D is more than \$350,000, but less than \$450,000, complete the calculation and enter the result on line F. Your rebate is reduced when the purchase price is between \$350,001 and \$449,999.

The amount calculated for line F is the amount of your new housing rebate. If you are eligible to claim the transitional rebate, you will need this amount to calculate it. For more information, see “GST/HST transitional rebate” on page 19. If your house is located in Nova Scotia, continue to line G.

#### Line G – Nova Scotia rebate

You can claim an additional rebate if your house is located in Nova Scotia and you are eligible to claim a rebate or you would be eligible if line D were less than \$450,000.

Do the calculation and enter the result on line G to a maximum of **\$1,500**.

If you have been an owner-occupant in the last five years, you do not qualify for the Nova Scotia rebate. For more information, see “Nova Scotia rebate” on page 16.

#### Total rebate amount including the Nova Scotia rebate

Add line F to line G.

### Part II: Rebate calculation for Application Types 1B and 5

If your Application Type is 1B or 5, use Part II to calculate your rebate.

#### Line H

Enter the total amount you paid to the builder for your house (the building only, since the land is leased).

#### Line I

Enter the fair market value of the house at the time you are given possession. Even though you are leasing the land, the fair market value has to include the value of both the land and the building (exclude provincial land transfer taxes and the GST/HST that would be payable on the fair market value).

#### Line J

Do one of the following calculations:

- If possession of the house was transferred to you after June 30, 2006 **and** the builder had to self-assess the tax at the rate of 6% or 14%, multiply the amount from line H by 2.04%. **The maximum amount you can enter on this line is \$7,560.**
- In any other situations, multiply the amount from line H by 2.34%. **The maximum amount you can enter on this line is \$8,750.**

The next step is to complete line K to see if the amount on line J is accepted without change or is reduced based on the fair market value of the house (building and land).

#### Line K

**If possession of the house is transferred to you after June 30, 2006, and the builder had to self-assess the tax at the rate of 6% or 14%, follow these steps:**

- If the amount on line I is \$371,000 or less, enter the amount from line J on line K.
- If the amount on line I is \$477,000 or more, enter "0" on line K, as no rebate is allowable.
- If the amount on line I is more than \$371,000, but less than \$477,000, complete the calculation and enter the result on line K. Your rebate is reduced when the fair market value on line I is between \$371,001 and \$476,999.

**In any other situation, follow these steps:**

- If the amount on line I is \$374,500 or less, enter the amount from line J on line K.
- If the amount on line I is \$481,500 or more, enter "0" on line K, as no rebate is allowable.
- If the amount on line I is more than \$374,500, but less than \$481,500, complete the calculation and enter the result on line K. Your rebate is reduced when the fair market value on line I is between \$374,501 and \$481,499.

The amount calculated for line K is the amount of your new housing rebate. If you are eligible to claim the transitional rebate, you will need this amount to calculate it. For more information, see "GST/HST transitional rebate" on page 19. If your house is located in Nova Scotia, continue to line L.

#### Line L – Nova Scotia rebate

You can claim an additional rebate if your house is located in Nova Scotia and you are eligible to claim a rebate, or you would be eligible if line I was less than:

- \$477,000 if possession of the house was transferred to you after June 30, 2006 and the builder had to self-assess tax at 6% or 14%; or
- \$481,500 in any other case.

Do the calculation and enter the result on line L to a maximum of **\$1,500**.

If you have been an owner-occupant in the last five years, you do not qualify for the Nova Scotia rebate. For more information, see "Nova Scotia rebate" on page 16.

#### Total rebate amount including the Nova Scotia rebate

Add line K to line L.

### Part III: Rebate calculation for Application Type 3

If your Application Type is 3, use Part III to calculate a rebate for a share of the capital stock of a co-op.

#### Line M

Enter the total amount you paid for the share of the capital stock of the co-op.

#### Line N

Do one of the following calculations:

- If the co-op paid 6% GST or 14% HST, multiply the amount from line M by 2.04%. **The maximum amount you can enter on this line is \$7,560.**
- If the co-op paid 7% GST or 15% HST, multiply the amount from line M by 2.34%. **The maximum amount you can enter on this line is \$8,750.**

#### Line O

**If the co-op paid 6% GST or 14% HST, follow these steps:**

- If the amount on line M is \$371,000 or less, enter the amount from line N on line O.
- If the amount on line M is \$477,000 or more, enter "0" on line O, as no rebate is allowable.
- If the amount on line M is more than \$371,000, but less than \$477,000, complete the calculation and enter the result on line O. Your rebate is reduced if the amount you paid for the share is between \$371,001 and \$476,999.

**If the co-op paid 7% GST or 15% HST, follow these steps:**

- If the amount on line M is \$374,500 or less, enter the amount from line N on line O.
- If the amount on line M is \$481,500 or more, enter "0" on line O, as no rebate is allowable.
- If the amount on line M is more than \$374,500, but less than \$481,500, complete the calculation and enter the result on line O. Your rebate is reduced when the amount you paid for the share is between \$374,501 and \$481,499.

The amount calculated for line O is the amount of your new housing rebate. If your house is located in Nova Scotia, continue to line P.

#### Line P – Nova Scotia rebate

You can claim an additional rebate if the unit in the co-op is located in Nova Scotia and you are eligible to claim a rebate or you would be eligible if line M was less than:

- \$477,000 if the co-op paid 6% GST or 14% HST; or
- \$481,500 if the co-op paid 7% GST or 15% HST.

Do the calculation and enter the result on line P to a maximum of **\$1,500**.

If you have been an owner-occupant in the last five years, you do not qualify for the Nova Scotia rebate. For more information, see "Nova Scotia rebate" on page 16.

#### Total rebate amount including the Nova Scotia rebate

Add line O to line P.

## Modular home, mobile home, and floating home

A modular home is considered a mobile home for purposes of the GST/HST new housing rebate. Read this guide as if the modular home were a mobile home.

A builder includes the manufacturer, distributor, or retailer of your mobile or floating home, and is commonly referred to as a dealer. Qualifying land is the land on which the mobile home sits and the surrounding land that is reasonably necessary for its use and enjoyment as a place of residence (generally half a hectare, 1.23 acres, or less).

If you buy a new or a substantially renovated mobile or floating home, you can apply for a rebate yourself or through the builder. Remember that you are entitled to only **one** rebate application. You have to determine which option is the best for you:

- Option 1 – You claim the rebate only on items the dealer sold you and the dealer pays or credits you the rebate.
- Option 2 – You claim the rebate only on items the dealer sold you and the dealer does not pay or credit you the rebate (you claim it yourself).
- Option 3 – You claim the rebate on the purchase of your mobile home or floating home from the dealer, as well as other items you did not buy from the dealer (i.e., the land, or improvements to the mobile or floating home or land).

## Option 1

If you decide to get the rebate for your new or substantially renovated mobile home directly from the dealer, complete Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*. Use Application Type 1A (if you are purchasing the land from the dealer) or 1B (if you are leasing the land from the dealer under the same agreement to purchase the mobile home, and the lease is for 20 years or more, or gives you the option to buy the land). In the case of a floating home, use Application Type 1A.

In this situation, you can claim a rebate only on items that the dealer sold you. If the dealer also sells you qualifying land, he or she can give you a rebate for part of the GST/HST you paid on the land, as well as on the expenses you have paid to the dealer to improve the land (e.g., building a foundation, adding a driveway, well or septic system, or landscaping).

Option 1 is not to your advantage if you paid GST/HST to someone other than the dealer for the land or any improvements made to the land, or if you paid GST/HST on other qualifying items not purchased from the dealer. In this case, see option 3.

## Option 2

If you decide to get the rebate for your new or substantially renovated mobile home directly from us, complete Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased From a Builder*. Use Application Type 2 if you buy the land from the dealer, or Application Type 5 if you lease the land from the dealer under the same agreement to purchase the mobile home, and the lease is for 20 years or more, or gives you the option to buy the land. In the case of a floating home, use Application Type 2.

You can calculate your rebate based **only** on the items the dealer sold you (such as the mobile or floating home and qualifying land or improvements made to the land). Option 2 is not to your advantage if you paid GST/HST to

someone other than the dealer for the land or any improvements made to the land, or if you paid GST/HST on other qualifying items not purchased from the dealer. In this case, see option 3.

## Option 3

This is the best option if you paid GST/HST to the dealer on the purchase of the mobile home or floating home and you also paid GST/HST to someone **other than** the dealer for the land (generally half a hectare, 1.23 acres, or less) or for improvements to your land, mobile or floating home.

Complete Form GST191-WS, *Construction Summary Worksheet* and Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*. For more information on items that qualify for the rebate, see the section “Owner-built houses” on page 4. You cannot claim a rebate for any GST/HST paid on furnishings, free-standing appliances, legal costs related to leasing the land, or on services related to maintaining the mobile or floating home.

## Nova Scotia rebate

**B**esides the new housing rebate, you may be eligible for the Nova Scotia rebate if your house is located in Nova Scotia. The Nova Scotia rebate is limited to a maximum of **\$1,500** and only applies to individuals who have **not** owned and occupied a house in Canada within the last five years.

There is no limit on the price of your house that might reduce your Nova Scotia rebate.

You qualify for this rebate if you bought a new house (including a new condominium unit) from a builder, if you build, or engage someone to build, your new house, or if you bought a share in a co-op.

You have to meet the other conditions and deadlines and must not have been an owner-occupant within the last five years (see “Owner-occupant” below). If a relation of yours will occupy the house as their primary place of residence, instead of you, your relation must not be an owner-occupant.

### Note

This rebate is not available to an individual who substantially renovates a house, or an individual who converts a non-residential property to a house.

## Owner-occupant

The terms **spouse** and **common-law partner** are important to determine if you are an owner-occupant.

Your **spouse** is a person to whom you are legally married.

Your **common-law partner** is a person who is not your spouse, with whom you are living and have a conjugal relationship, and to whom at least **one** of the following situations applies. He or she:

- a) has been living with you in such a relationship for at least 12 continuous months;
- b) is the parent of your child by birth or adoption; or



- c) has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

In addition, an individual immediately becomes your common-law partner if you previously lived together in a conjugal relationship for at least twelve continuous months and you have resumed living together in such a relationship. Under proposed changes, this condition will no longer exist. The effect of this proposed change is that a person (other than a person described in b) and c) will be your common-law partner only after your current relationship with that person has lasted at least 12 continuous months. This proposed change will apply to 2001 and later years.

Reference to “12 continuous months” in this definition includes any period that you were separated for less than 90 days because of a breakdown in the relationship.

For this rebate, a person is your spouse or common-law partner if he or she was your spouse or common-law partner at one of the following times:

- if you buy a house and the land from a builder, the earlier of the date when ownership or the date when possession of the house is transferred to you;
- if you buy a house and lease the land from the builder, when possession of the house is transferred to you;
- if you buy a share in a co-op, when ownership of the share is transferred to you; or
- if you build your own house, when the construction is substantially completed.

You are an owner-occupant if, **within the last five years, one** of the following conditions applies:

- You, your spouse or common-law partner occupied a house in Canada, as your or their primary place of residence, and either one of you owned that house.
- You, your spouse or common-law partner occupied a unit in a co-op in Canada as your or their primary place of residence, and either one of you held a share of the capital stock of the co-op.
- If a relation of yours occupies the new house you bought or built or the unit if you bought a share in a co-op, as their primary place of residence, and you, your spouse, or common-law partner does not occupy it as your primary place of residence, the relation is an owner-occupant if, within the last five years, one of the following conditions applies:
  - the relation, his or her spouse, or common-law partner occupied a house in Canada as their primary place of residence, and either one of them owned that house; or
  - the relation, his or her spouse, or common-law partner occupied a unit in a co-op in Canada, as their primary place of residence, and either one of them held a share of the capital stock of the co-op.

If you meet one of these conditions, you are an owner-occupant and you do not qualify for the Nova Scotia rebate. These rules apply to the owner and co-owners

identified in section A of Form GST190, *GST/HST New Housing Rebate Application for Houses Purchased from a Builder* and Form GST191, *GST/HST New Housing Rebate Application for Owner-Built Houses*.

If the house will be the primary place of residence of a relation of yours, and you, your spouse, or common-law partner do not occupy the house as your primary place of residence, you do not qualify for the Nova Scotia rebate if the relation meets one of these conditions.

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#### Example 1

John and Mary are common-law partners. Mary owned and occupied a house within the last five years, but John did not. They are buying a new house that they will occupy as their primary place of residence.

Because Mary has been an owner-occupant within the last five years, John is also an owner-occupant and a Nova Scotia rebate is not available.

#### Example 2

Pietro and Mario are brothers. They bought a new house that they will occupy as their primary place of residence. They enter their names on the rebate application form as co-owners of the house.

Because Pietro and Mario are co-owners of the new house, both have to determine if they have been owner-occupants within the last five years.

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### Five-year period

The following information will help you determine when the five-year period begins and ends.

#### If you bought your new house from a builder

If you bought a new house, calculate the five-year period as follows:

**Step 1:** Determine which of the following two dates comes first:

- the day ownership of the house is transferred to you; or
- the day possession of the house is transferred to you.

#### Note

If you bought the house but leased the land from the builder, only consider the day possession of the house is transferred to you.

**Step 2:** Subtract five years from the date you got in step 1.

**Step 3:** If the date you got in step 2 is the first day of a month, this date is the beginning of the five-year period. If the date you got in step 2 is not the first day of a month, the first day of the following month is the beginning of the five-year period. This period ends on the date you got in step 1.

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#### Example

You bought a new house from a builder. Ownership of the house is transferred to you on June 20, 2006, and you took possession of the house on July 2, 2006.

**Step 1:** The earlier of these two dates is June 20, 2006.

**Step 2:** Subtract five years from the date you got in step 1: June 20, 2001.

**Step 3:** Since June 20 is not the first day of a month, July 1, 2001 (the first day of the following month), is the beginning of your five-year period. The five-year period ends on June 20, 2006.

If you were an owner-occupant between July 1, 2001 and June 20, 2006, you do not qualify for the Nova Scotia rebate.

### **If you built your own house**

If you built your new house, calculate the five-year period as follows:

**Step 1:** Determine the date your house was substantially completed.

**Step 2:** Subtract five years from the date you got in step 1.

**Step 3:** If the date you got in step 2 is the first day of a month, this date is the beginning of the five-year period. If the date you got in step 2 is not the first day of a month, the first day of the following month is the beginning of the five-year period. This period ends on the date you got in step 1.

### **Example**

You substantially completed the construction of your house on November 15, 2005. If you subtract five years from that day, you get November 15, 2000. Since November 15 is not the first day of a month, December 1, 2000 (the first day of the following month), is the beginning of your five-year period. The five-year period ends on November 15, 2005.

If you were an owner-occupant between December 1, 2000, and November 15, 2005, you do not qualify for the Nova Scotia rebate.

### **If you purchased a share of a co-op**

If you bought a share of the capital stock of a co-op, calculate the five-year period as follows:

**Step 1:** Determine the date ownership of the share was transferred to you.

**Step 2:** Subtract five years from the date you got in step 1.

**Step 3:** If the date you got in step 2 is the first day of a month, this date is the beginning of the five-year period. If the date you got in step 2 is not the first day of a month, the first day of the following month is the beginning of the five-year period. This period ends on the date you got in step 1.

### **Example**

You bought a share of a co-op and ownership of the share was transferred to you on January 5, 2006. If you subtract five years from that day, you get January 5, 2001. Since January 5 is not the first day of a month, February 1, 2001 (the first day of the following month), is the beginning of your five-year period. The five-year period ends on January 5, 2006.

If you were an owner-occupant between February 1, 2001, and January 5, 2006, you do not qualify for the Nova Scotia rebate.

## **Previous house destroyed**

If you are an owner-occupant and your previous house was destroyed involuntarily (for example, in a fire), you will qualify for this rebate if you buy or build a new house and you meet the conditions and filing deadlines for your application type. However, remember that the Nova Scotia rebate does not apply to substantial renovations.

If the house will be occupied by a relation of yours, as their primary place of residence, and you, your spouse, or common-law partner do not occupy the house as your or their primary place of residence, the relation is not an owner-occupant if the relation's previous house was involuntary destroyed. In this case, you will be able to claim the Nova Scotia rebate if the conditions are met.

## **Bed and breakfast and similar establishments**

**A**s an individual who buys or builds a bed and breakfast or other establishment providing short-term accommodation to the public, you may be eligible for the GST/HST new housing rebate if one of the following conditions is met:

- you buy a new or substantially renovated house from a builder, whether you buy the land or lease it from the builder, and the house includes rooms that are to be rented for short-term accommodation to individuals as a place of residence or lodging; or
- you build or substantially renovate your house, or carry out a major addition, and the house includes rooms that are to be rented for short-term accommodation to individuals as a place of residence or lodging.

Generally, short-term accommodation means housing that is supplied by way of lease, licence, or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging. The period throughout which the same individual is given continuous occupancy is less than one month.

You have to meet the other eligibility conditions. For example, more than 50% of the property (including the bed and breakfast) has to be used as your primary place of residence or that of a relation of yours.

If 50% or less of the property that includes the bed and breakfast is used as your primary place of residence or that of a relation of yours, only the portion that is your primary place of residence or that of a relation of yours will be eligible for the new housing rebate.

You also have to check the box called "Bed and breakfast" in the rebate application.

## GST/HST transitional rebate

Under proposed amendments, a GST/HST transitional rebate is available to purchasers of a new house. You may be entitled to claim this rebate if the following conditions are met:

- you signed the purchase and sale agreement before May 3, 2006; and
- both ownership **and** possession are transferred to you after June 30, 2006.

This rebate accounts for the reduction in the rate of GST from 7% to 6%, or the rate of HST from 15% to 14%. If you can claim the new housing rebate, the transitional rebate will take this into account. If you cannot claim the new housing rebate because the purchase price of the house is \$450,000 or more, you may still be entitled to claim the transitional rebate.

Also, you may be eligible to claim a transitional rebate if you buy a new house in Canada that is not your primary place of residence such as a cottage or an investment property.

For more information, see Form GST193, *GST/HST Transitional Rebate Application for Purchasers of New Housing*. You can get this form from our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call us at 1-800-959-2221.

You are not eligible for this rebate if you built your own house. The rebate calculations on Form GST191 take into account the possibility that you have paid GST and/or HST at different rates during the construction.

## Where to send your rebate form

Mail your completed rebate application form and other documents to:

**Summerside Tax Centre**  
275 Pope Road  
Summerside PE C1N 6A2

If you need more information on the new housing rebate, visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca), or call our Business Enquiries line at 1-800-959-5525.

**All claims are subject to verification.**

## Appendix A – Terms we use in this guide

This section explains some of the terms used in this guide and on the application forms. Not every term applies to every rebate claim, but understanding the terms that apply in your situation will help you to determine your eligibility and to complete your rebate application.

**Builder** – For the purpose of the new housing rebate, a builder is a person who is in the business of constructing or substantially renovating houses for sale. The house may be on land owned or leased by that builder. The term “builder” may include the following:

- a manufacturer or vendor of a new mobile home or floating home;
- a person who buys an unoccupied new house for resale;
- a person who acquires an interest in a house as part of that person’s business or trade while the house is under construction or substantial renovation, and completes or engages another person to complete the construction or substantial renovation; or
- a person who has converted non-residential property into a house without substantially renovating the property.

For rebate purposes, a person you hire to provide construction services on land you lease or own is not considered to be a builder. For example, a contractor you hire to build your new house, or to substantially renovate your existing house, is not normally considered to be the builder for rebate purposes.

**Condominium unit** – A condominium unit (an apartment unit or a townhouse, for example) is a unit for use as a place of residence that is or is intended to be, a bounded space in a building designated or described as a separate unit on a registered condominium or strata lot plan or description (or similar plan or description registered under provincial law). A condominium unit includes any interest in the common areas as well as any interest in land pertaining to ownership of the unit.

**Co-operative housing corporation** – A co-operative housing corporation (co-op) is one that is established to provide a residential unit to its members by way of lease, licence or similar arrangement for occupancy as a place of residence. A co-op operates at or near cost and at least 90% of its members are individuals or other co-ops that have only one vote in the affairs of the co-op.

**Duplex** – A duplex is a building that contains two residential units under one legal title (i.e., separate legal title does not exist for the individual units). This includes a single-family house that has a separate apartment for rent.

**Fair market value** – If you build or substantially renovate your own house, or purchase a house on leased land, the fair market value is the amount that a willing buyer would pay to a willing seller for the house including the land. The fair market value of a house should be comparable to the value of similar houses in the local real

estate market. Fair market value **does not include** provincial land transfer taxes and the GST/HST payable on the fair market value of the house.

**Floating home** – A floating home is a structure that is made up of a floating platform and a building that is permanently affixed to the floating platform and that is designed to be occupied as a place of residence for individuals. A floating home does not include any freestanding appliances or furniture sold with the structure, and it cannot, or cannot be readily, adapted for self-propulsion (i.e., it is not a house-boat or pleasure craft).

**House** – Generally, in this guide and the forms, house includes a detached or semi-detached house, a condominium unit, a townhouse, a unit in a co-operative housing corporation, a mobile or modular home, a floating home, or a duplex. It may also include nearby buildings such as a detached garage or shed, plus the land around and underneath them all, up to half a hectare (1.23 acres) or more in some cases (for example, when a municipality imposes a minimum lot size or where excess land is necessary to access public roads) that is reasonably necessary for the use and enjoyment of the house as a place of residence.

It may also include a bed and breakfast, a hotel, a motel, an inn, a boarding or lodging house, or similar structures where rooms are rented for short-term accommodation to the public. In these cases, your property has to be used more than 50% as a place of residence by you or a relation.

**Mobile home** – A mobile home is a building, the manufacture and assembly of which is completed or substantially completed, that is equipped with complete plumbing, electrical, and heating facilities. It is designed to be moved to a site for installation on a foundation and connection to service facilities, and to be occupied as a place of residence. The definition includes a modular home but it does not include travel trailers, motor homes, camping trailers, or other vehicles or trailers designed and used for recreational purposes. A mobile home does not include any freestanding appliances or furniture sold with the structure.

**Modular home** – A modular home is a factory-built house or building intended for residential occupancy that comprises “modules” with three walls and a roof or ceiling. It has to be equipped with complete plumbing, electrical, and heating facilities, and designed to be moved to a site for installation on a foundation and to be connected to service facilities, and used as a place of residence. In addition, the modules are to be in as finished a condition as possible before leaving the manufacturer’s premises, considering that they must be transported. A modular home does not include any freestanding appliances or furniture sold with the structure.

A modular home is considered to be a mobile home for purposes of the GST/HST new housing rebate.

**Possession** – For GST/HST purposes, possession generally means you hold, control or occupy the property, that is, you pay property taxes, have the right to alter the land, take control of entry or access, pay insurance coverage, or you can plant trees.

**Primary place of residence** – Primary place of residence means a house, owned jointly or otherwise, that is intended to be inhabited by an individual on a permanent basis. The intention to use the residence as a primary place of residence must be evident at the outset of acquiring, constructing or substantially renovating the residence. While an individual may build or acquire a new house in Canada, if his or her primary place of residence remains outside Canada, then the house in Canada would be a secondary place of residence and not qualify for the GST/HST new housing rebate. A person may have more than one place of residence, but is considered to have only one primary place of residence. For purposes of the GST/HST new housing rebate, a person who has more than one place of residence should consider some of the following factors to determine whether the residence qualifies as the primary place of residence:

- whether the individual considers the house as his or her main residence;
- the length of time the premises are inhabited; and
- the designation of that address on personal and public records.

This means that you cannot claim a GST/HST new housing rebate for an investment property or a recreational cottage that is not your primary place of residence.

**Proof of occupancy** – Proof of occupancy is the documentation that proves you occupy a new house. This proof could be:

- the new house insurance policy with dates and coverage;
- vehicle insurance or registration that shows the new address; or
- an invoice for telephone, hydro, or natural gas hook-up and cancellation at the previous address.

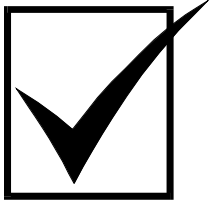
**Purchase price** – The purchase price is the total amount paid for a new house less the GST/HST payable. If the new housing rebate was transferred to the builder and is included in the total amount paid, the amount of the rebate must be added to the total amount to determine the purchase price. It does not include land transfer taxes or any provincial sales tax that may be payable.

**Relation** – A relation means an individual related to you by blood, marriage, common-law partnership, or adoption within the meaning of the *Income Tax Act*. “Blood relation” is limited to parents, children, or other descendants or siblings. “Marriage relation” includes your spouse or a person who is connected to your spouse by blood or adoption. A relation can also be your former spouse, or a former common-law partner.

**Substantial completion** – Substantial completion generally means that construction or substantial renovation of a house is at a stage where you can reasonably inhabit the premises. Minor repairs, adjustments, or outstanding upgrades are not considered to impair the use and enjoyment of the house as a place of residence.

# ***Your opinion counts!***

We review our publications each year. If you have any comments or suggestions that would help us improve them, we would like to hear from you.



Please send your comments to:

**Taxpayer Services Directorate  
Canada Revenue Agency  
750 Heron Road  
Ottawa ON K1A 0L5**