

Notice of Change, February 20, 2002

GST/HST Memorandum 19.3, *Real Property Rebates*

Bill C-13, which became law on June 14, 2001, introduced an amendment to the definition of “single unit residential complex” as it appeared in sections 254, 254.1 and 256 of the Act. A single unit residential complex may qualify for a new housing rebate under one of these sections, provided the other requirements of the section are satisfied. As a result of the amendment, a bed and breakfast establishment is now treated under these sections as a single unit residential complex if it meets certain conditions.

Accordingly, the explanation of a qualifying unit for purposes of the new housing rebates in paragraph 5 of this Memorandum has been amended to include bed and breakfast establishments.

Qualifying unit            5.            Throughout these sections of the GST/HST Memoranda Series that discuss housing rebates, “unit” is used as a general term for a single unit residential complex or a residential condominium unit, which are the types of residential complexes that qualify for a GST/HST new housing rebate. For GST/HST new housing rebate purposes, “unit” applies to a detached house, a semi-detached house, a duplex, a townhouse, a residential condominium unit, a floating home, a mobile home, or a residential unit in a cooperative housing corporation. Effective June 1, 1997, certain bed and breakfast establishments (see paragraph 7.1) are treated as qualifying units for purposes of new housing rebates under sections 254, 254.1 and 256. The term “unit” also encompasses appurtenances and common areas to the unit and, except where the land is leased, the subjacent and immediately contiguous land to the extent that is reasonably necessary for the use and enjoyment of the unit as a place of residence. “Unit” does not include a multiple-unit residential complex other than a duplex or a bed and breakfast establishment. For a discussion of the amount of land that forms part of a residential complex, see GST/HST Memorandum 19.2.1, *Residential Real Property — Sales*. For information on rebates and mobile homes, see GST/HST Memorandum 19.3.7, *Real Property Rebates — Special Issues*.

In addition, the following paragraph has been inserted into the discussion of key terms:

Bed and breakfast establishment            7.1            Effective June 1, 1997, a residential complex that contains one or more residential units that are for supply as rooms in a hotel, motel, inn, boarding house, lodging house or similar premises are treated as a single unit residential complex for the purposes of a new housing rebate under sections 254, 254.1 or 256 if the residential complex is owned by an individual or supplied by way of sale to an individual and is for use primarily (more than 50%) as the primary place of residence of the owner, a related individual, the owner’s former spouse or former common-law partner. Such a residential complex, commonly known as a bed and breakfast establishment, is included in the definition of a single unit residential complex under these sections if the ownership of the complex is transferred to the person after May 1997.

