

GST Relief for First-time Home Buyers on New Homes Valued Up to \$1.5 Million

From: Department of Finance Canada

Backgrounder

To lower the upfront cost of buying a new home for young Canadians and spur the construction of new homes across the country, the government is eliminating the Goods and Services Tax (GST) for first-time home buyers on new homes up to \$1 million and reducing the GST for first-time home buyers on new homes between \$1 million and \$1.5 million.

On May 27, 2025, the Minister of Finance and National Revenue, the Honourable François-Philippe Champagne, tabled legislative proposals to amend the *Excise Tax Act* to introduce a new GST rebate for first-time home buyers (the "FTHB GST Rebate"). As a result of this rebate, first-time home buyers will be able to save up to \$50,000 on a new home. This measure is expected to deliver \$3.9 billion in tax savings to Canadians over five years, starting in 2025-26.

First-Time Home Buyers' GST Rebate

If you are a first-time home buyer, you may be eligible for a FTHB GST Rebate if:

- you buy a new home from a builder;
- you build, or hire someone else to build, a home on land you own or lease; or
- you buy shares of a co-operative housing corporation.

The FTHB GST Rebate will apply to the same types of housing and apply similar eligibility criteria and conditions as the existing GST/HST New Housing Rebate, with certain modifications to ensure that the rebate is targeted at first-time home buyers.

To be considered a "first-time home buyer" for the purposes of the FTHB GST Rebate, an individual would generally need to meet the following conditions:

- be at least 18 years of age;
- be either a Canadian citizen or a permanent resident of Canada; and
- not have lived in a home, whether in or outside Canada, that they owned or that their spouse or common-law partner owned in the calendar year or in the four preceding calendar years.

Together with the existing GST/HST New Housing Rebate (where that rebate is applicable), the FTHB GST Rebate would provide for a rebate of 100% of the GST on new homes valued up to \$1 million.

The FTHB GST Rebate would be phased out in a linear manner for new homes valued between \$1 million and \$1.5 million. For example, under the linear phase-out, a home valued at \$1.25 million would be eligible for a 50% GST rebate (a rebate of up to \$25,000).

No FTHB GST Rebate would be available for new homes valued at or above \$1.5 million.

New Homes Purchased from a Builder

The FTHB GST Rebate would allow an individual to recover up to \$50,000 of the GST (or the federal part of the HST) paid in respect of a new home purchased from a builder (including on leased land).

To qualify for a FTHB GST Rebate, at least one of the purchasers of the home would need to be a “first-time home buyer” that is acquiring the new home for use as their primary place of residence. That individual would also need to be the first individual to occupy the home as a place of residence.

The FTHB GST Rebate would generally be available if:

- the agreement of purchase and sale for the home is entered into with the builder on or after May 27, 2025 and before 2031; and
- construction of the home begins before 2031 and the home is substantially completed before 2036.

Owner-Built Homes

For an owner-built home, the FTHB GST Rebate would allow an individual to recover up to \$50,000 of the GST or the federal part of the HST that they paid to build the home.

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To qualify for a FTHB GST Rebate, at least one of the owner-builders would need to be a “first-time home buyer” that is building, or hiring another person to build, the new home for use as their primary place of residence. That individual would also need to be the first individual to occupy the home as a place of residence.

The FTHB GST Rebate would generally be available if construction of the home begins on or after May 27, 2025 and before 2031 and the home is substantially completed before 2036.

Shares of a Cooperative Housing Corporation

The FTHB GST Rebate would allow an individual to claim a rebate of up to \$50,000 in respect of the purchase of a share of a cooperative housing corporation (co-op) where the co-op paid GST or the federal part of the HST in respect of new housing.

To qualify for a FTHB GST Rebate, at least one of the purchasers of the share would need to be a “first-time home buyer” that is acquiring the share to use the co-op housing unit to which the share relates as their primary place of residence. That individual would also need to be the first individual to occupy the co-op housing unit as a place of residence.

The FTHB GST Rebate would generally be available if:

- the agreement of purchase and sale of the share is entered into with the co-op on or after May 27, 2025 and before 2031; and
- construction of the cooperative housing begins before 2031 and is substantially completed before 2036.

A FTHB GST Rebate would not be available in respect of a co-op share if the co-op housing is eligible for the 100% GST rebate for purpose-built rental housing.

Limitations

To ensure that the rebate is available as intended to first-time home buyers after the announcement date, a series of rules would limit the availability of the FTHB GST Rebate in certain circumstances. These rules include the following:

- An individual would not be permitted to claim a FTHB GST Rebate more than once in their lifetime.
- An individual would not be permitted to claim a FTHB GST Rebate if their spouse or common-law partner previously claimed a FTHB GST Rebate.
- If, pursuant to an assignment sale, a FTHB assumes the rights and obligations of another person that is a purchaser of a new home under an agreement of purchase and sale with a builder, the FTHB rebate would not be available if that original agreement of purchase and sale was entered into before May 27, 2025.
- If an agreement of purchase and sale for a new home was originally entered into before May 27, 2025 and the agreement is subsequently cancelled and a new agreement of purchase and sale is entered into (or the agreement is varied or altered to effect that outcome), the FTHB GST Rebate may be disallowed in respect of the sale of a new home under the new agreement (and would not be allowed in respect of the varied or altered agreement).

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