

# The First-Time Home Buyer Advantage:

## GST Relief on Homes Up to \$1.5M

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Owning a home is a milestone for many Canadians, but rising costs have made it increasingly challenging—now, a new federal GST rebate aims to ease that burden for first-time buyers.

For many young Canadians, purchasing a home is a significant financial challenge. To help ease this burden and encourage the construction of new residential properties, the federal government has introduced a new GST rebate for first-time home buyers (**FTHBs**). On May 27, 2025, the Minister of Finance and National Revenue tabled legislative proposals to amend the Excise Tax Act (**ETA**) to implement this initiative.

Through the First-Time Home Buyers' GST Rebate (**FTHB GST Rebate**), eligible buyers can recover up to 100 per cent of the GST (or federal portion of HST) paid on new homes valued up to \$1 million. Homes priced between \$1 million and \$1.5 million will qualify for a partial rebate, helping reduce costs for those entering the market. With potential savings of up to \$50,000, this initiative is expected to provide \$3.9 billion in tax relief over five years, starting in 2025–26.

## What Properties Qualify for the FTHB GST Rebate?

The FTHB GST Rebate applies to newly constructed or substantially renovated homes in three main categories:

1. Newly built homes purchased from a builder, including those situated on leased land.
2. Owner-built homes, where the individual builds or contracts someone to build the home on land they own or lease.
3. Shares in a cooperative housing corporation, where the co-op has paid GST or the federal part of the HST on the new housing unit.

**To qualify:**

The home must serve as the FTHB's primary residence.

The buyer must also be the first occupant of the property.

The rebate only applies to purchase agreements signed between May 27, 2025, and 2031. Additionally, construction must begin before 2031 and be substantially completed by 2036.

## Who Can Apply for the FTHB GST Rebate?

To qualify for the FTHB GST Rebate, applicants must meet the following criteria:

Be at least 18 years old;

Be a Canadian citizen or permanent resident;

Not have owned a home or lived in a home owned by a spouse or common-law partner in the current year or the previous four calendar years

**Additionally, for the rebate to be granted:**

At least one purchaser or builder must be a qualifying FTHB;

The individual must intend to use the home as their primary residence;

The individual must be the first occupant of the residence.

## Limitations of the FTHB GST Rebate

The FTHB GST Rebate includes several limitations to ensure it is targeted to truly FTHB and to prevent abuse:

**Lifetime limit:** The rebate can only be claimed once per individual, and not again if a spouse or common-law partner has already claimed it.

**Assignment sales:** If a FTHB acquires a home through the assignment of an agreement of purchase and sale originally entered into before May 27, 2025, the rebate will not be available.

**Contract manipulation:** If a pre-May 27, 2025, agreement is canceled and then reissued or altered simply to meet rebate eligibility, the claim may be rejected.

Additionally, the rebate is phased out for homes valued between \$1 million and \$1.5 million, on a linear basis. For example, a \$1.25 million home would qualify for a 50 per cent rebate (up to \$25,000). No rebate is available for homes valued at or above \$1.5 million.

## Considerations and Uncertainties

As of now, we are not aware of any official confirmation from any HST-participating provinces—such as Ontario, where the HST rate is 13 per cent—indicating whether the newly proposed federal rebate will also apply to the provincial component of the HST.

Additionally, the Canada Revenue Agency (CRA) has yet to clarify the administrative rules that will determine whether an individual qualifies as a FTHB, particularly for those coming from outside Canada.

Given these uncertainties, individuals considering purchasing or building a new home should consult their Crowe Soberman tax advisor to assess eligibility and ensure that all documentation and agreements are properly structured to secure the rebate.

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