

BUY | BUILD | SELL | INVEST

MANJOT SINGH



WIN MAX
REAL ESTATE LTD.

(204)-999-2105



www.manjotsinghrealtor.ca

info@manjotsinghrealtor.ca

GST Exemption for First-Time Home Buyers in Canada (2025 Update)

**GST Exemption for
First-Time Home Buyers
in Canada (2025 Update)**



+1 204-999-2105

info@manjotsinghrealtor.ca

WIN MAX
REAL ESTATE LTD.

Introduction

In a major affordability boost, the Canadian federal government announced on May 27, 2025 a sweeping GST rebate that effectively eliminates the 5% federal GST on the purchase of new homes priced up to \$1 million for eligible **first-time home buyers**. This is not just a partial refund - it's a full exemption of GST up front for most first-time buyers on new construction.

(204)999-2105 www.manjotsinghrealtor.ca

info@manjotsinghrealtor.ca

BUY | BUILD | SELL | INVEST

WIN MAX
REAL ESTATE LTD.

MANJOT SINGH



What Is the New FTHB GST Rebate?

- **Full 5% GST exemption on new homes** valued at \$1 million or less (savings of up to \$50,000).
- Partial exemption for homes valued between \$1 million and \$1.5 million - rebate phases out linearly so a home at \$1.25 million would qualify for about a 50% rebate (roughly \$25,000).
- No rebate on homes valued at or above \$1.5 million.

Who Qualifies?

To be eligible, buyers must meet common-sense criteria:

Your lawyer's role includes:

- Be 18 or older, a Canadian citizen or permanent resident.
- Have never owned a home - in Canada or abroad - in the current year or the four previous years (including through your spouse/common-law partner).
- Use the home as your primary residence and be the first occupant after its completion
- The purchase agreement must be signed on or after May 27, 2025 and before 2031, with construction beginning before 2031 and completing by 2036.
- You can claim the rebate only once in your lifetime, and it's denied if your spouse/partner has already claimed it.

Eligible property types include new homes purchased from a builder, owner-built homes, and co-op housing shares where first occupancy is intended.



How Much Could You Save?

Home Price Zone	GST Paid (5%)	Rebate Eligibility	Net GST Cost
Up to \$1 million	≈ \$50,000	100% rebate (up to \$50,000)	\$0
\$1M – \$1.5M	\$50K–\$75K	Sliding scale rebate	Partial cost
\$1.5 million or more	≥ \$75,000	No rebate	Full GST

- A \$1 million home carries \$50k GST - fully rebated.
- A \$1.25 million home carries \$62,500 GST - rebated 50% (\$31,250).
- At \$1.5 million or more, no rebate is available.

How It Works

- Builder-applied: Many builders will apply the rebate at closing, reducing your upfront GST cost.
- CRA application: If it's not applied by the builder (or you're owner-building), you must submit a rebate claim to the CRA.
- This new FTHB GST Rebate works in addition to the existing GST/HST New Housing Rebate, where applicable.

Why This Matters

- This measure immediately lowers the upfront cost of buying a new home by up to \$50k.
- It's designed to assist first-time buyers and stimulate new construction, aligning with broader federal housing goals.
- Unlike previous programs with much lower thresholds (like \$350k or \$450k), this rebate reflects current housing prices and market realities.



Key Takeaways & Action Steps

1. Scope of rebate: Total GST waived on homes \leq \$1M; partial waived for \$1M–\$1.5M; none beyond.
2. Timeline: Only purchase contracts entered May 27, 2025 to before 2031 are eligible.
3. Confirm builder compliance: Ask if the GST rebate is built into the purchase price or needs CRA claim.
4. Documentation matters: Keep proof of first-time status and first occupancy as the CRA may check.
5. Professional support: Consult a real estate lawyer or tax advisor to preserve eligibility-especially if restructuring agreements or assignments.

Final Word

Yes, beginning May 27, 2025, qualified first-time buyers purchasing a **new home in Canada** priced up to \$1 million get 100% of the federal GST exempted. Homes priced between \$1 million and \$1.5 million receive a prorated rebate. This is a game-changer for affordability - and it's time-sensitive.

