




PORTFOLIO
REALTY GROUP



FIRST-TIME BUYER **BENEFITS** GUIDE



A man with glasses and a beard, wearing a blue shirt, is holding a white document. A woman with dark curly hair is leaning in from the right, looking at the document with a focused expression. The background is a blurred indoor setting.

When buying your first home, there are more costs involved than you may expect.

Between moving expenses, legal fees, inspections and taxes, purchasing a property involves a lot more than just saving for your down payment. It's not uncommon for first-time buyers to skip on budgeting for these expenses and then get sticker shock when all of the additional costs pile up.

Thankfully, first-time home buyers in Ontario have exclusive access to programs to help offset some of the costs.

FROM REBATES TO TAX CREDITS

There are a variety of initiatives available to support prospective home buyers on their journey to homeownership.

BENEFIT ONE THE HOME BUYERS' PLAN (HBP)

This federal program through the **Canadian Revenue Agency** lets you withdraw up to \$35,000 tax-free from your registered retirement savings plan (RRSP) as a loan to build or buy your first home.

In order to qualify for the HBP, you must be a first-time home buyer, have an agreement to buy or build, and intend to live in the qualifying home as your principal residence within one year after purchase or when the residence becomes habitable. You can make a single withdrawal from your RRSP or several within the same calendar year.

You must pay back the HBP loan within a 15-year period to avoid penalties, starting the second year after the funds are first withdrawn.

BENEFIT TWO GST/HST NEW HOUSING REBATE

Targeted specifically at Canadians buying a new construction property, the **GST/HST new housing rebate** allows you to recoup some of your tax expenses.

To be eligible, you'll need to have purchased or built a new home, or substantially renovated your own existing home that has a fair market value under \$450,000 once construction is complete. The property must be your primary place of residence. Floating and mobile homes are also eligible, as well as land that is leased for at least 20 years.



When you've applied for your tax rebate, be sure to keep a copy of the completed forms, original invoices and all other documents for up to six years.

BENEFIT THREE THE FIRST-TIME HOME BUYER INCENTIVE

Overseen by the **Canada Mortgage and Housing Corporation (CMHC)** this new buyer incentive program aims to reduce monthly payments with a shared-equity mortgage with the federal government.

New buyers can claim five or 10% of the property's purchase price to put toward a down payment. Within a 25-year period, or when the home is sold, the same percentage value of the home is paid back. The homeowner can also pay back the incentive in full at any time.

For the purchase of a resale property or mobile home, buyers can take a 5% incentive. If buying a new construction home, purchasers can take five or 10%.

To be eligible for the First-Time Home Buyer Incentive, your household income must not exceed \$120,000, your total borrowing cannot be more than four times your qualifying income, and you must meet minimum down payment requirements.



LEARN MORE ABOUT CANADA MORTGAGE AND HOUSING CORPORATION

BENEFIT FOUR

THE HOME BUYERS' TAX CREDIT (HBTC)

If you're a first-time home buyer with a qualifying home you could receive up to \$5,000 of the purchase from the **Home Buyers' Tax Credit (HBTC)**.

A qualifying home falls under most residential structure types, including single-family, semi-detached, condominium and townhouse properties that are complete or under construction. Shares in a housing cooperative granting you the right of ownership also apply. However, for any of these property types, you must intend to occupy the home as your primary residence no later than one year after purchase.

To file for the rebate, simply enter \$5,000 on line 31270 of your tax return. If you're applying for the rebate with a spouse, you can split the rebate between the two returns without exceeding the \$5,000 limit.

BENEFIT FIVE

LAND TRANSFER TAX REBATES

In Ontario, British Columbia and Prince Edward Island, first-time home buyers can receive a reduction on their **land transfer taxes**. Land transfer taxes are paid when the transaction closes, and are based on the purchase price.

For Ontario buyers, rebates can be claimed from both the province and the City of Toronto, if applicable. Resale and new construction properties in Toronto could offer a rebate valued up to \$4,475, so long as the applicant is a Canadian citizen or permanent resident of Canada, and the property will be lived in within nine months of purchase. For homes priced more than \$400,000, buyers can still claim the maximum rebate but will need to pay the remainder of the land transfer tax.

Province-wide, Ontarians can receive a rebate of up to \$4,000, covering the full tax amount for homes priced at \$368,333 and under. Similar to Toronto, homes priced more than \$368,333 can still receive the entire rebate, but the buyer will need to pay the balance of the tax.





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what the question our team is here for you!

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