

News Release



FOR IMMEDIATE RELEASE

Federal Budget puts money in the pockets of property buyers

VANCOUVER, BC – May 4, 2006 – The reduction of the GST to six per cent from seven percent in the 2006 Federal Budget will reduce the cost of buying residential and commercial properties throughout Vancouver.

“The new federal budget has good news for residential and commercial buyers and lessors,” explains Rick Valouche, president of the Real Estate Board of Greater Vancouver. “Even this one per cent reduction will significantly improve affordability. Increased funding for affordable housing, better infrastructure, improved transit and safer neighbourhoods will also help build better communities.”

Buyers and lessors of residential and commercial property pay the GST on property they buy or lease, as well as on professional services such as fees paid to REALTORS®, appraisers, home inspectors, notaries and renovators, and moving costs, furniture and appliances.

“This tax cut will go a long way to helping to increase consumer confidence about making large purchases, such as buying, furnishing, or renovating a home,” adds Valouche.

For commercial property buyers the decrease is good news, particularly for businesses that do not collect the GST, since the tax is a direct cost. Eugen Klein, president of the Board’s Commercial Division, thinks the GST reduction will put more money in investors’ pockets.

“GST in the commercial real estate arena is a transactional cost,” Klein says. “With new commercial construction still coming on quite strong during the current expansion of the commercial real estate market, every reduction in direct costs is great for consumers.”

The following criteria can be applied to contracts, which complete later this year, that were negotiated before the May 2 budget change:

1. The reduction to six per cent from seven per cent is effective July 1, 2006.
2. Where ownership or possession transfer to the buyer *before* July 1, 2006, the seven per cent rate applies.
3. Where ownership and possession transfer to the buyer *on or after* July 1, 2006:
 - a. The six per cent rate applies if the *Agreement of Purchase and Sale* is signed after budget day, May 2, 2006.
 - b. Buyers who signed the purchase agreement on or before May 2, 2006, and whose GST is based on the seven per cent rate, will be able to claim a transitional adjustment from the Canada Revenue Agency.

New detached home

New attached home

Average price in Greater Vancouver	\$807,568	Average price in Greater Vancouver	\$478,225
7% GST	\$56,529	7% GST	\$33,475
6% GST	\$48,454	6% GST	\$28,693
Savings	\$8,075	Savings	\$4,782

Average new home prices, Real Estate Board of Greater Vancouver, Sales Summary as at April 30, 2006. Note: there is a GST rebate of 36% or a maximum of \$8,750 for new homes priced up to \$350,000. A partial rebate is available on homes priced up to \$450,000.