

August 21, 2009

## What does the HST mean for me?

By Robert Matas

From Saturday's Globe and Mail

### *The Globe reviews the impact of the proposed tax on three groups of British Columbians*

The HST will add about \$7,500 to a single-family home currently priced at \$565,000 in Maple Ridge, about an hour commute from downtown Vancouver, according to a calculation by a chartered accountant who works as a comptroller for a homebuilder's firm. The tax on real estate and inspection fees would be additional costs. The 2,300-square-foot home with three bedrooms and a double garage is in a neighbourhood of nurses, firefighters, police officers and teachers.

Taxes and fees will account for \$83,000 of the house price, said Peter Simpson, chief executive officer of the Greater Vancouver Home Builders Association. That includes municipal fees, development charges, school site acquisition fee, regional levies for sewer and water, and permit fees.

Mr. Simpson says he has not spoken to one single builder that welcomes any part of this new tax. "It's ludicrous," he says. He would like builders to advertise houses like automobile dealerships advertise their vehicles. The price in big print would have an asterisk pointing to tiny print saying the price does not reflect taxes, fees and closing charges. A home selling for \$572,500 could be advertised at \$489,500 with an asterisk pointing to applicable taxes and fees, he said.

The new tax does not apply to the resale of homes. But Mr. Simpson anticipates the 12-per-cent HST will have an impact on the market for home renovations in older houses. "People are already paying cash to avoid the GST," he said. "This is going to push the economy further underground."

How will the price of an average home change?	Without HST	With HST
property transfer tax on lot purchase (\$220,000)	2,400	2,400
<b>Municipal fees</b>		
Development Cost Charges	20,603	20,603
Greater Vancouver Sewer & Drainage District	1,731	1,731
School site acquisition fee	1,000	1,000
Subdivision fee \$50 per lot	50	50
other	1,750	1,750
Subtotal:	25,134	25,134
<b>Construction permits &amp; fees</b>		
Building permit	2,339	2,339
Homeowner Protection Office Warranty	695	695
Built Green	220	220
Subtotal:	3,254	3,254
Imbedded PST on all costs	9,600	9,600
Input tax credits	0	(9,600)
Subtotal:	9,600	0
PTT on sale	8,598	8,598
GST 5%	26,495	26,495
new PST 7%	0	37,093
Less: \$20,000 rebate	0	(20,000)
Subtotal:	35,093	52,186
Total taxes & fees	75,481	82,974
Total paid by home owner	\$ 564,993	\$ 572,486