

news release

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REALTORS® Raise Concerns Over Toronto “Home-buying Tax”

TORONTO, March 21, 2007 – In an open letter to Toronto Mayor David Miller, the Toronto Real Estate Board (TREB) has raised concerns about a possible home-buying tax in Toronto.

TREB’s letter provided Mayor David Miller with REALTORS’® initial input to a City discussion paper on potential new revenue sources. Of particular concern to TREB is the possibility of a Toronto land transfer tax, which would be levied on top of the existing provincial land transfer tax, meaning that Toronto homebuyers would be faced with paying this type of tax twice for the same transaction.

“Let’s call a spade a spade. A land transfer tax is a home-buying tax. It is a tax charged directly to homebuyers when they purchase a property, which is usually intended to offset costs for providing services directly related to real estate transactions. If the City intends to charge a land transfer tax just to raise additional revenue for general municipal services, is it fair to expect homebuyers to pay for services that the whole community benefits from?”, said Dorothy Mason, President of the Toronto Real Estate Board.

“If the City adopts a land transfer tax, Toronto homebuyers will be faced with a double whammy of land transfer taxes - a municipal land transfer tax and a provincial land transfer tax,” added Mason.

The provincial government already charges a land transfer tax on property transactions. For the average Toronto home, according to TREB’s statistics, the provincial land transfer tax payable is approximately \$4200.

“If the City moves ahead with a second land transfer tax of 0.5%, as is being considered, average Toronto homebuyers could be faced with paying almost \$1900 on top of the \$4200 that they already have to pay for the existing provincial land transfer tax, money that could be spent on other expenses when purchasing a home such as appliances. That’s an additional 45% in land transfer tax. Even a 0.1% Toronto land transfer tax would represent almost a 10% increase in land transfer taxes. Also, with total closing costs (e.g. legal fees, land transfer tax) usually around 1.5% of a property’s selling price, a 0.5% Toronto land transfer tax would represent a 33% increase in closing costs”, said Mason.

TREB’s letter to Mayor Miller outlined specific concerns about the impact that a second land transfer tax would have for the City.

“Mayor Miller and all of City Council should realize that forcing homebuyers to pay a second land transfer tax will have implications for the City. It will make Toronto housing less affordable, and encourage homebuyers to choose to live outside of the City, where they only have to pay the land transfer tax once. This could mean more commuting, more traffic, and environmental impacts, like smog, for the GTA”, said Mason.

A copy of the open letter to Mayor Miller follows.

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