

Personal Real Estate Corporations

Problem

Registered salespeople are currently prevented from incorporating because *REBBA, 2002* does not permit a broker to pay commission to an “unregistered” entity (Section 30.c).

As a result, it effectively stops an individual salesperson from conducting business through a corporation and taking advantage of lower tax rates.

Solution

OREA requests that the Ministry of Consumer Services initiate changes to *REBBA, 2002* to allow real estate brokerages to pay commission to a salesperson’s personal real estate corporation.

One solution might be to amend *REBBA, 2002* to provide for regulations that would allow personal real estate corporations to accept commission income, as is done in the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.

OREA Position

OREA believes that there are sound public policy reasons for permitting personal real estate corporations, including:

- Permitting personal real estate corporations would *not* affect consumer protection. Real estate salespeople who form personal corporations will continue to be subject to all obligations under *REBBA, 2002*.
- Aligning the tax status of real estate salespeople with those of other regulated professions, including chartered accountants, lawyers, health professionals, social workers, architects and engineers.
- Real estate salespeople cannot take advantage of the corporate tax incentives given to the business community in the 2009 Ontario Budget designed to improve business competitiveness, create jobs and enable economic prosperity.
- We expect that the impact on provincial tax revenue of personal real estate corporations will be relatively minor.

Ask your MPP...

To contact the Minister of Consumer Services, the Honourable John Gerretsen, requesting that he implement changes to the *REBBA, 2002* to allow real estate salespeople to incorporate.