



NO sense of harmony

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

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Starting July 1, 2010 Ontarians can expect to pay a harmonized sales tax (HST) rate of 13% on a long list goods and services that were previously exempt from the 8% Provincial Sales Tax (PST). While the impact of the tax will be felt by all Ontarians, the province's 3 million homeowners and the thousands who buy and sell a home every year will be hit particularly hard by this latest tax grab.

As real estate professionals, REALTORS® know how important the dream of homeownership is to Ontario families. Unfortunately, thanks to the forthcoming HST, that dream is going to become much more expensive. After July 1, 2010, every residential real estate transaction in Ontario will face a significant tax increase. Specifically, home buyers and sellers can expect to pay 8% more on legal fees, appraisals, real estate commissions, home inspection fees, moving costs and the provincial government's forthcoming system of mandatory home energy audits. According to the Ontario Real Estate Association (OREA) Ontarians will pay, on average, an additional \$1,449 in new taxes on their next residential real estate transaction.

If it's not bad enough that the new tax will increase the cost of buying a home, then consider the impact on the costs of owning and living in that home after it's been purchased. Specifically, a HST will add hundreds, potentially thousands of dollars in additional tax on utility bills, such as gas, electricity and home heating fuel, on home renovation labour, the cost of lawn upkeep or landscaping and the cost of snow removal. Moreover, a HST will increase the cost of living with 8% more tax on gasoline, personal and professional services, meals under \$4, dry cleaning, cab fares, magazine subscriptions, plane tickets, vitamins and cell phone charges.

When added together, the impact of a HST on Ontario family's disposable income will be considerable. In short, a HST will reduce the people of Ontario's quality of life by taking more of their hard earned money.

While the Government of Ontario plans to compensate homeowners by offering sales tax transition cheques and modest income tax reductions, these measures will in no way offset this new tax. A onetime payment of \$1000 (for a family of four) and a modest \$368 reduction in income taxes will do very little to offset the burden of an 8% tax increase on a litany of items in perpetuity.

Certain basic needs, like groceries, prescription drugs, and children's clothing, would be exempt from the new tax. Unfortunately, the provincial government is not proposing to provide a similar exemption for home purchasing costs. Having a roof over one's head is about as basic as needs get, and the government should recognize this by ensuring that the costs associated with purchasing a home are exempt from the new tax.

Help oppose this latest tax grab. Visit www.TorontoRealEstateBoard.com where you will be able to access a link that will make it easy for you to write to your MPP and tell them that Ontarians do not need higher taxes on homeownership.

Tom Lebour is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.