

Non-residential Real Property Sales: HST Transitional Rules

November 10, 2009

By Maralynne Monteith

The following is a summary of the Ontario HST transitional rules affecting non-residential real property sales.

GST (5%) will continue to apply as usual to sales of non-residential real property subject to available exceptions. GST will become included in HST as it commences to apply. GST registration will automatically extend to HST.

HST (13%) will apply to sales of non-residential real property where both ownership and possession are transferred to the purchaser after June 2010.

If either ownership or possession is transferred prior to July 2010, only GST (5%) will apply in the ordinary course.

The date of the agreement of purchase and sale is not relevant.

Vendors selling to qualified registrants will not have to collect HST. Purchasers in those circumstances would follow the self-assessment and offsetting input tax credit procedures currently provided under the GST legislation.

Exemptions under GST will generally extend to HST.

Input tax credits for registrants will generally follow existing GST treatment.

Information contained in this publication is strictly of a general nature and readers should not act on the information without seeking specific advice on the particular matters which are of concern to them. WeirFoulds LLP will be pleased to provide additional information on request and to discuss any specific matters.

WeirFoulds^{LLP}

www.weirfoulds.com

Toronto Office

4100 – 66 Wellington Street West
PO Box 35, TD Bank Tower
Toronto, ON M5K 1B7

Tel: 416.365.1110
Fax: 416.365.1876

Oakville Office

1320 Cornwall Rd., Suite 201
Oakville, ON L6J 7W5

Tel: 416.365.1110
Fax: 905.829.2035