

## Details of Approved Toronto Land Transfer Tax

*October 23, 2007* -- Toronto City Council has approved a municipal land transfer tax that will be levied on top of the provincial land transfer tax. TREB worked very hard to oppose this tax and commends the efforts of REALTORS® on this issue. TREB took a strong position to oppose this tax as unfair in principle and refused to compromise. As a direct result of this strong position, City Council was forced to make a number of amendments to the City's original proposal, including rebates for first-time buyers, a reduced rate, and grandfathering for existing transactions.

The City has not yet provided detailed information on administration or implementation issues. The following is based on currently available information. Some information from the City is available [here](#).

### What was approved by City Council?

A second land transfer tax, on top of the provincial land transfer tax, at the following rates:

Residential:

- 0.5% of the amount of the purchase price up to and including \$55,000
- 1% of the amount of the purchase price between \$55,000 and \$400,000
- 2% of the amount of the purchase price above \$400,000

Commercial / Industrial / Etc.:

- 0.5% of the amount of the purchase price up to and including \$55,000
- 1% of the amount of the purchase price between \$55,000 and \$400,000
- 1.5% of the amount between \$400,000 and \$40 million
- 1% of the amount above \$40 million

### When does this take effect?

February 1, 2008.

### Are existing transactions grandfathered?

Yes. Any transactions where the purchaser and vendor have entered into an Agreement of Purchase and Sale for the property prior to December 31, 2007 will be rebated the full amount of the Toronto land transfer tax, regardless of the closing date. (Note: Media reports that closings must occur by Feb. 1, 2008 are inaccurate.) The City has not yet provided clarification on how rebates will be administered. If your clients have concerns, they should check with their lawyer. Once the City of Toronto provides clarification, more information will be provided.

### **What about Agreements of Purchase and Sale signed after December 31, 2007 with closing dates before February 1, 2008?**

Purchasers with a Purchase and Sale agreement signed after December 31, 2007 with a closing before February 1, 2008 will not be required to pay the Toronto Land Transfer tax.

### **What about Agreements of Purchase and Sale signed after December 31, 2007 with closing dates on or after February 1, 2008?**

Purchasers with a Purchase and Sale agreement signed after December 31, 2007 with a closing on or after February 1, 2008 will be required to pay the full Toronto Land Transfer tax.

### **Where does this apply?**

The Toronto land transfer tax only applies to transactions within the City of Toronto. This does NOT apply to property transactions outside of the City of Toronto.

### **Are first time home buyers affected?**

First time home buyers of new AND re-sale homes will receive a rebate of the Toronto land transfer tax of up to \$3,725 (this equals a 100% rebate on homes purchased for up to \$400,000). The City has not yet provided clarification on how rebates will be administered. If your clients have concerns, they should check with their lawyer. Once the City of Toronto provides clarification, more information will be provided.

**More detailed information will be provided once it is made available by the City. If you have questions, contact the City of Toronto at Access Toronto at 416-338-0338.** Some information from the City is available [here](#).

**If you have questions, contact the City of Toronto at Access Toronto at 416-338-0338.**

10/24/07

---

**Note to users:** Although TREB endeavours to ensure the accuracy and timeliness of information, it is not guaranteed. TREB accepts no responsibility for any loss arising from any use or reliance on the information contained herein.

All information on this site is copyright © 2007 Toronto Real Estate Board. All rights reserved.