

Toronto Land Transfer Tax Takes Effect, REALTORS® Call On City to Give Homebuyers a Break

February 4, 2008 -- With the City of Toronto's new land transfer tax coming into effect last week, even as City Council considers a property tax increase, Toronto's REALTORS® are calling for City Council to give homebuyers a break.

"Toronto's REALTORS® and the public continue to believe that a Toronto land transfer tax is an unfair way for the City to raise revenue," said Maureen O'Neill. "The City's land transfer tax took effect last week, even as current and future homeowners face a property tax increase at double the rate of inflation. The City can't have its cake and eat it too. Homebuyers deserve a break."

TREB's statistics of housing sales have shown an interesting trend since City Council's approval of a Toronto land transfer tax last October. When City Council approved the Toronto land transfer tax, it also decided to exempt home purchases made by December 31, 2007. In both December and November of last year, there was a significant increase in market activity. For example, although the month of December typically sees less market activity because of the holidays, in December 2007 housing sales in Toronto were up by 26 per cent over December 2006, significantly higher than the 6 per cent increase for the GTA as a whole. TREB will be releasing market statistics for January 2008 on February 5.

"Clearly, there has been tremendous market activity in Toronto since Council's approval of the land transfer tax. Council's decision to grandfather home purchases made by the end of 2007 means that those homebuyers will avoid the City's tax," said O'Neill. "With the City's grandfathering period over, and the Toronto land transfer tax taking effect last week, we are continuing to watch the market."

TREB is paying close attention to the City's 2008 operating budget, which proposes a residential property tax increase of 3.75 per cent, almost double the 2007 average Toronto inflation rate of 1.9 per cent.

"The City can't keep raising tax after tax on homebuyers. Enough already," said O'Neill. "The proposed budget released by the City last week is like a weight around the ankle of Toronto taxpayers. The new land transfer tax on top of a proposed property tax increase, at double the rate of inflation, sends the wrong message to homebuyers. The land transfer tax should be rolled back immediately."

TREB will be providing input to City Council with regard to the City's 2008 operating budget and hopes that City Council will use it as an opportunity to give homebuyers a break.

"We look forward to working with City Council as they debate the budget. We hope that the panel appointed by Mayor Miller last fall will recommend some real options for

savings and that the City will move quickly to prioritize its core services," said O'Neill. "The Toronto land transfer tax is an unfair way to address the City's financial challenges. At the very least, we expect it to be rolled back as savings from uploading and other revenue sources are realized, as was approved by City Council last October 22," said O'Neill.

02/04/08

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