

## QST and GST/HST Rebates: New Housing and New Residential Rental Property





This brochure is provided for information purposes only. The information it contains does not constitute a legal interpretation of the provisions of the *Excise Tax Act*, the *Act respecting the Québec sales tax* or any other Québec or federal statute.

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## Introduction

Most goods and services are subject to the goods and services tax (GST) and the Québec sales tax (QST). The majority of transactions conducted in Canada are GST-taxable at the rate of 7%. Transactions conducted in Québec are subject not only to the GST, but also to the QST at the rate of 7.5%. Certain items such as prescription drugs and basic groceries are zero-rated (that is, subject to the GST and the QST at the rate of 0%). A small number of goods and services, such as health-care services and residential rents, are exempt from both taxes.

New housing is taxable, as are, generally, construction services, materials and land. However, you may be entitled to a rebate of the GST and the QST you paid on these goods or services. This brochure sets out the principal conditions to be met in order to obtain a rebate of the GST and the QST on new or substantially renovated housing, or on new or substantially renovated residential rental property. It also provides information on the forms that must be completed and the deadline by which your rebate application must be submitted.

This brochure provides information on general situations only; it does not deal with exceptions concerning only a limited number of persons. If you require additional information, contact the office of the Ministère du Revenu du Québec in your area (the addresses and telephone numbers are listed on the last page).





## Glossary

The following glossary contains descriptions of certain terms and expressions used in this brochure. The descriptions are largely based on the definitions given in the *Excise Tax Act*, the *Act respecting the Québec sales tax*, the *Income Tax Act*, and the *Taxation Act*. Consult these statutes for more details.

### **Builder**

A builder is a person who is in the business of constructing or substantially renovating residential complexes on land owned or leased by the builder. A builder may also be a manufacturer or vendor of new mobile homes or new floating homes.

### **Fair market value**

The fair market value is the highest price that may be obtained for a given property on an open market, where the vendor and the purchaser are dealing with each other at arm's length, and are consenting and well-informed. The fair market value of a home includes the value of the lot, but does not include GST or QST.

### **Primary place of residence**

A primary place of residence means a residential unit that is intended to be inhabited by an individual on a permanent basis. An individual can have only one primary place of residence.

## **Relation**

A relation is an individual who is related to another individual by blood, marriage, de facto union or adoption. For example, an individual's child, grandchild, parent, grandparent, brother or sister is a relation, as is a brother-in-law or sister-in-law, or the child or parent of the individual's spouse. A former spouse, a de facto spouse and a former de facto spouse are also considered to be relations.

## **Residential complex**

A residential complex is a building in which one or more residential units are located, together with common areas, appurtenances to the building, and the land on which the building is situated.

## **Residential unit**

A residential unit includes a detached house, semi-detached house, rowhouse unit, residential unit held in co-ownership (condominium unit), mobile home, floating home, or apartment; a room in a residence for students, seniors, individuals with a disability, or other individuals; or any other similar premises occupied as a place of residence or lodging.

## **Substantial renovation**

Substantial renovation means the renovation or alteration of an existing building to such an extent that all or substantially all (90% or more) of the building, other than the foundation, external walls, interior supporting walls, floors, roofs and staircases, has been removed or replaced.

## **Substantially completed**

This expression is used where the construction or renovation of the housing is at a stage of completion (generally 90% or more) at which an individual may reasonably inhabit the premises.



## Rebate for new or substantially renovated housing

Individuals may be entitled, under certain conditions, to a rebate of the GST and the QST paid on the purchase of a new or substantially renovated residential unit, and of the GST and the QST paid on the construction or substantial renovation of a residential unit. The rebate is equal to 36% of the taxes paid, and may not exceed \$8,750 in GST and \$5,642 in QST. The amount of the rebate is progressively reduced where the purchase price or fair market value of the new or renovated residential unit and the land is more than \$350,000 for GST purposes and \$200,000 for QST purposes; no rebate is payable where the purchase price or fair market value exceeds \$450,000 for GST purposes and \$225,000 for QST purposes. The conditions you must meet in a given situation in order to be entitled to the rebate are outlined in the following pages.



## **You purchase, from a builder, a new or substantially renovated residential unit (including, in both cases, the land on which the unit is located)**

To be entitled to a rebate, you must meet all of the following conditions:

- The unit is a single-unit residential complex<sup>1</sup> or a residential unit held in co-ownership.
- You purchase the land and the unit from a builder in a single transaction.
- Ownership of the unit is transferred to you after the construction or renovations are substantially completed.
- Once the work is completed, you (or a relation) are the first occupant of the unit.
- The unit is your primary place of residence (or that of a relation).
- The purchase price of the property is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

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1. A single-unit residential complex may be a duplex, or a multiple-unit residential complex that is owned by an individual, is used primarily (more than 50%) as a place of residence of the individual or a relation, and contains one or more rooms intended to be rented for short-term accommodation (e.g., a bed-and-breakfast establishment).

Your application must be filed within two years after the date on which ownership is transferred to you. Only one rebate application may be submitted for each residential complex.

You may file the rebate application, or the application may be filed by the builder if the builder paid or credited the rebate directly to you.



## You build a residential unit (or hire someone else to do so)

To be entitled to a rebate, you must meet all of the following conditions:

- The unit is a single-unit residential complex<sup>1</sup> or a residential unit held in co-ownership.
- You owned the land before the construction began.
- The construction is substantially completed.
- Once the work is completed, you (or a relation) are the first occupant of the unit.
- The unit is your primary place of residence (or that of a relation).
- The fair market value of the property is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

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1. A single-unit residential complex may be a duplex, or a multiple-unit residential complex that is owned by an individual, is used primarily (more than 50%) as a place of residence of the individual or a relation, and contains one or more rooms intended to be rented for short-term accommodation (e.g., a bed-and-breakfast establishment).

Your application must be filed by the earliest of the following dates:

- two years after the date on which ownership is transferred<sup>1</sup> to a third party;
- two years after the date on which construction of the unit is substantially completed;
- four years after the date on which you (or a relation) occupy the unit for the first time since the work started.

Only one rebate application may be submitted for each residential complex.

You are responsible for filing the rebate application.



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1. The property must be transferred before an individual begins to occupy it.



## **You substantially renovate your residential unit (or hire someone else to do so)**

To be entitled to a rebate, you must meet all of the following conditions:

- The unit is a single-unit residential complex<sup>1</sup> or a residential unit held in co-ownership.
- The renovations are substantially completed.
- The unit is your primary place of residence (or that of a relation).
- The fair market value of the property is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

Your application must be filed by the earlier of the following dates:

- four years after the date on which the unit is occupied for the first time since the renovations began;
- two years after the date on which the renovations are substantially completed.

Only one rebate application may be submitted for each residential complex.

You are responsible for filing the rebate application.

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1. A single-unit residential complex may be a duplex, or a multiple-unit residential complex that is owned by an individual, is used primarily (more than 50%) as a place of residence of the individual or a relation, and contains one or more rooms intended to be rented for short-term accommodation (e.g., a bed-and-breakfast establishment).

## Documents

To obtain a rebate, you must complete the following forms, according to your situation:

GST: *GST New Housing Rebate* (FP-190-V)  
*Construction Information* (FP-190.A-V)

QST: *QST New Housing Rebate Application*  
(VD-366-V)

You may consult the following guides for assistance in completing the forms:

GST: *GST/HST New Housing Rebate* (RC4028)

QST: *QST New Housing Rebate* (VD-366.G-V)

The documents named above, with the exception of the guide *GST/HST New Housing Rebate*, may be obtained from any office of the Ministère du Revenu du Québec, or by consulting the MRQ Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca). The guide concerning the GST rebate may be obtained at [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca).





## **Rebate for new or substantially renovated residential rental property**

The owner (individual, corporation, etc.) of a residential rental complex that is new or substantially renovated may, under certain conditions, be entitled to a rebate of the GST and the QST paid on the purchase price or the cost of building the complex, or on the substantial renovation of the complex. However, the owner must not be eligible for an input tax credit (ITC) or input tax refund (ITR) respecting the taxes. The rebate is equal to 36% of the taxes paid on each qualifying residential unit, and may not exceed \$8,750 in GST and \$5,642 in QST. The amount of the rebate is progressively reduced where the fair market value of the new or renovated complex is more than \$350,000 for GST purposes and \$200,000 for QST purposes; no rebate is payable where the fair market value exceeds \$450,000 for GST purposes and \$225,000 for QST purposes. The conditions you must meet in a given situation in order to be entitled to the rebate are outlined in the following pages.

## **You purchase, from a builder, a new or substantially renovated residential rental complex**

To be entitled to a rebate, you must meet all of the following conditions:

- You purchase the complex from a builder in a single transaction.
- The construction or renovations began after February 27, 2000.
- The construction or renovations are substantially completed at the time of your purchase.
- At least one unit of the complex is rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit<sup>1</sup> is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

Your application must be filed within two years after the end of the month in which the taxes respecting your purchase must be paid.

Only one rebate application may be submitted for each residential complex. If you are a co-owner of the complex, your rebate claim must be based on your percentage of ownership.

You are responsible for filing the rebate application.

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1. In the case of a duplex, the threshold amount applies to the total for the two residential units.

## You build a residential rental complex

To be entitled to a rebate, you must meet all of the following conditions:

- You owned the land before the construction began.
- The construction began after February 27, 2000.
- The construction is substantially completed.
- You paid the taxes on the fair market value of the complex.
- At least one unit of the complex is rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit<sup>1</sup> is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

Your application must be filed within two years after the end of the month in which the taxes are deemed to have been paid.

Only one rebate application may be submitted for each residential complex. If you are a co-owner of the complex, your rebate claim must be based on your percentage of ownership.

You are responsible for filing the rebate application.

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1. In the case of a duplex, the threshold amount applies to the total for the two residential units.

## You substantially renovate a residential rental complex

To be entitled to a rebate, you must meet all of the following conditions:

- You owned the complex before the renovations began.
- The substantial renovations began after February 27, 2000.
- The renovations are substantially completed.
- You paid the taxes on the fair market value of the complex.
- At least one unit of the complex is rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit<sup>1</sup> is under \$450,000 for GST purposes and under \$225,000 for QST purposes.

Your application must be filed within two years after the end of the month in which the taxes are deemed to have been paid.

Only one rebate application may be submitted for each residential complex. If you are a co-owner of the complex, your rebate claim must be based on your percentage of ownership.

You are responsible for filing the rebate application.

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1. In the case of a duplex, the threshold amount applies to the total for the two residential units.

## Documents

To obtain a rebate, you must complete the following forms, according to your situation:

GST: *New Residential Rental Property GST Rebate Application* (FP-524-V)

*New Residential Rental Property GST Rebate Application Supplement—Multiple Units* (FP-525-V)

QST: *New Residential Rental Property QST Rebate* (VD-370.67-V)

You may consult the following guide for assistance in completing the forms pertaining to the GST rebate:

GST: *GST/HST New Residential Rental Property Rebate* (RC4231)

The documents named above, with the exception of the guide *GST/HST New Residential Rental Property Rebate*, may be obtained from any office of the Ministère du Revenu du Québec, or by consulting the MRQ Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca). The guide concerning the GST rebate may be obtained at [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca).



The information contained in this brochure does not constitute a legal interpretation of the *Taxation Act*, or any other legislation.

## More offices to serve you better

### Hull

170, rue de l'Hôtel-de-Ville, 6<sup>e</sup> étage  
Hull (Québec) J8X 4C2  
(819) 770-8504 or 1 800 567-4692

### Jonquière

2154, rue Deschênes  
Jonquière (Québec) G7S 2A9  
(418) 548-6392 or 1 800 567-4692

### Laval

4, Place-Laval, bureau RC-150  
Laval (Québec) H7N 5Y3  
(450) 972-3320 or 1 866 540-2500

### Longueuil

Place-Longueuil  
825, rue Saint-Laurent Ouest  
Longueuil (Québec) J4K 5K5  
(450) 928-8820 or 1 866 490-2500

### Montréal

- Complexe Desjardins  
C. P. 3000, succursale Desjardins  
Montréal (Québec) H5B 1A4  
(514) 873-2600 or 1 866 440-2500
- Village Olympique, pyramide Est  
5199, rue Sherbrooke Est, bureau 4000  
Montréal (Québec) H1T 4C2  
(514) 873-2610 or 1 866 460-2500
- Les Galeries Saint-Laurent  
2215, boulevard Marcel-Laurin  
Saint-Laurent (Québec) H4R 1K4  
(514) 873-6120 or 1 866 570-2500

### Québec

200, rue Dorchester  
Québec (Québec) G1K 5Z1  
(418) 659-4692 or 1 800 567-4692

### Rimouski

212, avenue Belzile, bureau 250  
Rimouski (Québec) G5L 3C3  
(418) 727-3702 or 1 800 567-4692

### Rouyn-Noranda

19, rue Perreault Ouest, RC  
Rouyn-Noranda (Québec) J9X 6N5  
(819) 764-6765 or 1 800 567-4692

### Saint-Jean-sur-Richelieu

855, boulevard Industriel  
Saint-Jean-sur-Richelieu (Québec) J3B 7Y7  
(450) 349-1120 or 1 866 470-2500

### Sainte-Foy

3800, rue de Marly  
Sainte-Foy (Québec) G1X 4A5  
(418) 659-4692 or 1 800 567-4692

### Sept-Îles

391, avenue Brochu, bureau 1.04  
Sept-Îles (Québec) G4R 4S7  
(418) 968-2211 or 1 800 567-4692

### Sherbrooke

2665, rue King Ouest, 4<sup>e</sup> étage  
Sherbrooke (Québec) J1L 2H5  
(819) 563-3776 or 1 800 567-4692

### Sorel-Tracy

101, rue du Roi  
Sorel-Tracy (Québec) J3P 4N1  
(450) 928-8820 or 1 866 490-2500

### Trois-Rivières

225, rue des Forges, bureau 400  
Trois-Rivières (Québec) G9A 2G7  
(819) 379-5392 or 1 800 567-4692

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Inquiries from outside Canada should be directed to the Sainte-Foy office.

We invite you to visit our Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

Vous pouvez vous procurer la version française de cette publication en demandant la brochure *Remboursement de la TVQ et de la TPS/TVH - Habitations neuves, immeubles d'habitation locatifs neufs, rénovations majeures* (IN-205).

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