


QST and GST/HST Rebates

New or Substantially Renovated Housing
New or Substantially Renovated
Residential Rental Property



This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Excise Tax Act*, the *Act respecting the Québec sales tax* or any other legislation.



ISBN 978-2-550-53219-4 (print)
978-2-550-53220-0 (PDF)

Legal deposit – Bibliothèque et Archives nationales du Québec, 2008

Legal deposit – Library and Archives Canada, 2008



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Introduction

Most goods and services are subject to the goods and services tax (GST) and the Québec sales tax (QST). Most transactions conducted in Canada are GST-taxable at the rate of 5%.* 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 housing 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 filing deadline for your rebate application.

This brochure provides information on general situations only; it does not deal with exceptions, which concern only a limited number of persons. For more information, call Revenu Québec at one of the numbers on the back of this brochure.

* The rate was 6% before January 1, 2008, and 7% before July 1, 2006.



Glossary

The following glossary contains definitions of certain terms and expressions used in this brochure. The definitions are largely based on those 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 whose activity consists in building or substantially renovating residential complexes on land owned or leased by the person. A builder is also a manufacturer or seller of new mobile 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 seller and the purchaser are dealing with each other at arm's length, and are consenting and well-informed. The fair market value of a property includes the value of the lot.

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.

Self-assessment

Self-assessment refers to the act of calculating and paying tax to Revenu Québec oneself. For the purposes of this brochure, the concept of self-assessment is rendered by the phrase "taxes self-assessed."

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, roof 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 (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 \$6,300 in GST and \$5,573 in QST. The amount of the rebate is progressively reduced where the purchase price or fair market value (FMV) of the land and the new or renovated residential unit is more than \$350,000 for GST purposes and \$200,000 for QST purposes; no rebate is payable where the purchase price or FMV 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 may print out the rebate application forms from the Revenu Québec website (www.revenu.gouv.qc.ca). You may also order them online or by calling one of the numbers on the back of this brochure.

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

You may be entitled to a rebate, provided all the following conditions are met:

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

Your application must be filed within two years after the date on which ownership of the unit is transferred to you.

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

You may file the rebate application with Revenu Québec, or the builder may do so if the builder paid or credited the rebate directly to you.

* The unit may also 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).

The application must be made using one of the following forms:

- *GST-QST New Housing Rebate Application: Rebate Granted by a Builder* (form FP-2190.C-V)
- *GST-QST New Housing Rebate Application: Owner of a New Home and Land Purchased from the Same Builder* (form FP-2190.A-V).

Further to the GST rate changes, you may apply to have a GST-QST adjustment added to your rebate in the following situations:

- The offer to purchase the property was accepted before May 3, 2006, and ownership and possession were transferred after June 30, 2006, but before January 1, 2008.
- The offer to purchase the property was accepted before May 3, 2006, and ownership and possession were transferred after December 31, 2007.
- The offer to purchase the property was accepted after May 2, 2006, but before October 31, 2007, and ownership and possession were transferred after December 31, 2007.

You must apply for the adjustment using form FP-2192-V, *GST-QST Adjustment Application for Residential Complexes*.

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

You may be entitled to a rebate, provided all the following conditions are met:

- The unit must be a single-unit residential complex* or a residential unit held in co-ownership.
- You must have owned the land before construction began.
- You (or a relation) must be the first occupant of the unit after construction began.
- The unit must be your primary place of residence (or that of a relation).
- The fair market value of the property must be under \$450,000 for GST purposes and under \$225,000 for QST purposes at the time construction is substantially completed.

If you lived in the unit during its construction, the expenses incurred more than two years after the day on which you or a relation first occupied the unit after construction began do not give entitlement to the rebate.

* The unit may also 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* 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) first occupied the unit after construction began.

Under certain exceptional circumstances, your application may be accepted after the filing deadline. In such cases, a letter explaining the reasons for the delay must be enclosed with the application.

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

You must file your rebate application with Revenu Québec using form FP-2190.P-V, *GST-QST New Housing Rebate Application: Owner of a New or Substantially Modified Home*.



* 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)

You may be entitled to a rebate, provided all the following conditions are met:

- The unit must be a single-unit residential complex* or a residential unit held in co-ownership.
- You (or a relation) must be the first occupant of the unit after renovations began.
- The unit must be your primary place of residence (or that of a relation).
- The fair market value of the property must be under \$450,000 for GST purposes and under \$225,000 for QST purposes at the time renovations are substantially completed.

If you lived in the unit during the renovations, the expenses incurred more than two years after the day on which you or a relation first occupied the unit after renovations began do not give entitlement to the rebate.

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 after renovations began;
- two years after the date on which the renovations are substantially completed;
- two years after the date on which ownership is transferred to a third party.


* The unit may also 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).

Under certain exceptional circumstances, your application may be accepted after the filing deadline. In such cases, a letter explaining the reasons for the delay must be enclosed with the application.

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

You must file your rebate application with Revenu Québec using form FP-2190.P-V, *GST-QST New Housing Rebate Application: Owner of a New or Substantially Modified Home*.





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, construction or 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 GST and the QST paid on the purchase of the complex or the taxes self-assessed.

The rebate is equal to 36% of the taxes paid on each qualifying residential unit, and may not exceed \$6,300 in GST and \$5,573 in QST. The amount of the rebate is progressively reduced where the fair market value (FMV) of the new or renovated residential unit is more than \$350,000 for GST purposes and \$200,000 for QST purposes; no rebate is payable where the FMV 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 a new or substantially renovated residential rental complex

You may be entitled to a rebate, provided all the following conditions are met:

- You must have purchased the complex in a single transaction.
- You must have paid the taxes when you purchased the complex.
- At least one unit of the complex must be rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit* must be 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 are payable.

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 must file your rebate application with Revenu Québec.

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

You build a residential rental complex

You may be entitled to a rebate, provided all the following conditions are met:

- You must have owned the land before construction began.
- You must have paid the taxes self-assessed on the fair market value of the complex.
- At least one unit of the complex must be rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit* must be 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 you paid the taxes self-assessed.

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 must file your rebate application with Revenu Québec.

* 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

You may be entitled to a rebate, provided all the following conditions are met:

- You must have owned the complex before renovations began.
- The renovations must be substantially completed.
- You must have paid the taxes self-assessed on the fair market value of the complex.
- At least one unit of the complex must be rented on a long-term basis (more than 12 months) as a primary place of residence.
- The fair market value of each unit* must be 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 you paid the taxes self-assessed.

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 must file your rebate application with Revenu Québec.

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

Forms

To claim a rebate, you must complete the following forms:

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

If there are more than two units in the complex, you must also complete form FP-525-V, *New Residential Rental Property GST Rebate Application Supplement – Multiple Units*.

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

You may print out the rebate application forms from the Revenu Québec website (www.revenu.gouv.qc.ca). You may also order them online or by calling one of the numbers on the back of this brochure.

To contact us



By Internet

We invite you to visit our website at www.revenu.gouv.qc.ca.



By telephone

Hours of availability for telephone service

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

Information concerning individuals and individuals in business

Québec City area	Montréal area	Elsewhere (toll-free)
418 659-6299	514 864-6299	1 800 267-6299

Information concerning businesses, employers and consumption taxes

Québec City area	Montréal area	Elsewhere (toll-free)
418 659-4692	514 873-4692	1 800 567-4692

Information service for persons with a hearing impairment

Montréal area	Elsewhere (toll-free)
514 873-4455	1 800 361-3795



By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière
and Montérégie

Direction principale des services
à la clientèle des particuliers
Revenu Québec
Complexe Desjardins
C. P. 3000, succursale Desjardins
Montréal (Québec) H5B 1A4

Québec City and other areas

Direction principale des services
à la clientèle des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and consumption taxes

Montréal, Laval, Laurentides, Lanaudière,
Montérégie, Estrie and Outaouais

Direction principale des services
à la clientèle des entreprises
Revenu Québec
Complexe Desjardins
C. P. 3000, succursale Desjardins
Montréal (Québec) H5B 1A4

Québec City and other areas

Direction principale des services
à la clientèle des entreprises
Revenu Québec
3800, rue de Marly
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2007-04

Cette publication est également disponible en français et s'intitule *Remboursement de la TVQ et de la TPS/TVH - Habitations neuves - Immeubles d'habitation locatifs neufs - Rénovations majeures* (IN-205).

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Québec



IN-205-V (2008-08)