



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

# Cost Estimate of Election Campaign Proposal

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Short Title: Eliminating deemed GST for new rental units

Description: Allowing purpose-built rental units and unsold condominiums to be rented without ever being subject to GST. The rebate would be subject to the same price-based phaseout as the existing GST rebate for new residential rental properties. This proposal will be effective April 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		-	347	359	371	383	1,459

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: Finance Canada's estimate of the cost of the current GST rebate for new residential rental properties was scaled for the change in subsidy rate from 36% to 100%. The estimate reflects the incremental cost of that change.

Source of Uncertainty: The main source of uncertainty relates to the interaction between the price-based phaseout and rising prices.

Data Sources: Variable  
Projected cost of current rebate for new residential rental properties.

Source  
Finance Canada, 2020 Report on Tax Expenditures