

Election Proposal Costing

Increasing the GST/HST New Housing Rebate for all buyers

April 22, 2025

Increasing the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) New Housing Rebate to 100% of GST or the federal portion of HST for all new homes valued at or below \$1.3 million, effective May 1, 2025.

Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost \$ millions	1,784	1,916	1,961	2,035	2,082	9,779

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

The proposed measure will change the current fair market value thresholds to \$1.3 million and remove the existing phase-out thresholds. The \$1.3 million threshold is not indexed to inflation.

The distribution of the value of new homes purchased was based on Canada Mortgage and Housing Corporation's Market Absorption Survey and projected using PBO's Election Proposal Costing (EPC) baseline. The total number of new units sold was discounted to account for the purchase of condominiums as residential rental properties and projected using the EPC baseline.

Net sales tax rates were applied to projected new home sales by price range. The cost of the proposed measure was calculated as the difference in sales tax revenue relative to current policy. No behavioural responses were included.

Sources of Uncertainty

The main sources of uncertainty relate to the estimated distribution of the prices paid by eligible new home purchasers, the projected number and value of new units sold, as well as the assumed lack of behavioural response.

Data Sources

Absorbed Units by Price Range for 17 Largest CMAs up to 2024

Canada Mortgage and Housing Corporation, Custom Tabulation

Absorbed Units by Price Range for all CMA/CAs with Populations Exceeding 50,000 up to 2022

Canada Mortgage and Housing Corporation, [Absorbed Units by Price Range](#)

Distribution of Owner-Estimated Value for Recently Constructed Homes for all other areas

Statistics Canada, Custom tabulation based on 2021 Census

Federal and Ontario New Housing Rebate Claims and Claim Values by Price Range

Canada Revenue Agency, [Response to PBO IR0820](#)

Property Sales, by Period of Construction, Province, Investment Status, Sale Type, Condominium Status, and First-Time Home buyer Status

Statistics Canada, Custom tabulation based on Canadian Housing Statistics Program

Input Tax Credits as a Share of Purchaser Price

Statistics Canada, Custom tabulation based on [2019 Supply and Use Tables](#)

Actual and Projected House Prices and Real Investment in Residential Real Estate

PBO, [2025 Election Proposal Costing Baseline](#)

© Office of the Parliamentary Budget Officer, Ottawa, Canada, 2025 / EL-45-1025502-P_e