

# Temporary Increase in the GST Rental Rebate to Build Specific Rental Housing

September 2023

## Online Tax Strategies

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**On September 21, 2023, the Department of Finance Canada tabled Bill C-56 proposing legislation to temporarily enhance the GST Rental Rebate for construction of specific rental housing. These measures will increase the GST Rental Rebate from 36% to 100%, and remove the phase-out thresholds for this type of housing.**

Currently, for the construction of rental housing designated for long-term rental, a partial rebate of 36% of the GST is provided for units valued at \$350,000 or less. The rebate is on a sliding scale for homes valued between \$350,000 and \$450,000. The rebate does not apply to units valued at more than \$450,000.

The Department proposes legislation amendments to increase the rebate rate from 36% to 100% for some rental housing. In addition, the phase-out thresholds will be removed. The rebate will apply to all rental housing, regardless of its value.

Public service bodies will also be able to access the increased rebate.

### AFFECTED HOUSING

The increased rebate will apply to buildings with at least:

- Four private apartment units (i.e., a unit with a private kitchen, bathroom and living area), or at least 10 private rooms or suites (i.e., a 10-unit residence for students, seniors or people with disabilities); and
- 90% of rental units designated for long-term rental.

It is worth noting that the increased rebate does not apply to condominiums, single-unit housing, duplexes, triplexes, housing co-ops, and owned houses situated on leased land and sites in residential trailer parks. However, this housing will continue to qualify for the 36% rental rebate where the other conditions are met. No changes are expected to the rebate reduction thresholds for these buildings.

The rebate increase is intended to stimulate new housing supply. Therefore, it will not apply to major renovations of existing housing.

### EFFECTIVE DATE AND DURATION

The 100% rebate will apply to building projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035. The proposed

legislation amendments do not currently specify what construction project commencement date will apply.

Revenu Québec has not yet announced whether it will harmonize with this measure. Currently, a 36% QST rebate is also provided, but the rebate phase-out thresholds are \$200,000 to \$225,000.

Your Raymond Chabot Grant Thornton advisor can help you determine whether these measures apply to your projects and can help you undertake the necessary steps to benefit from them. Do not hesitate to contact us.

For further information, visit our website at [rcgt.com](https://rcgt.com).