

Everyone's raving about it right now.

"GST gone for first-time buyers."
"Massive savings on new homes."
"Game changer."

Before we get carried away, it's time we simplified the whole thing.

First — this is **not law yet**. The proposed First-Time Home Buyers' GST/HST Rebate still requires Royal Assent before it becomes legislation. Until that happens, nothing has officially changed.

Second — the headlines are clean. The rules are not.

Everything below is based on what has been outlined by the **Canada Revenue Agency (CRA)**. If you want to read the official breakdown yourself, I strongly recommend reviewing it directly here:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-rebates/first-time-home-buyers-gst-hst-rebate.html>

Now let's unpack what this actually means.

What Is Being Proposed?

If enacted, eligible first-time home buyers would receive a rebate of the GST (or the federal portion of HST) paid on:

- Newly constructed homes purchased from a builder
- Owner-built homes
- Shares in a co-operative housing corporation

Important: This applies only to **new housing**. Resale homes are already GST/HST exempt.

This is not a blanket elimination of HST on all homes.

Core Eligibility Conditions

To qualify under the proposal:

1. You (and your spouse/common-law partner) must not have owned and lived in another home in:
 - The calendar year you take ownership of the new home, or
 - The previous four calendar years

2. The home must be intended as your **primary place of residence**.
3. The purchase agreement must fall within the prescribed dates once the legislation is enacted.

Each of these conditions carries weight.

The 4-Calendar-Year Rule (Where Most Confusion Happens)

This rule is based on calendar years — not “about four years ago.”

And it is tied to the year you take ownership.

Let’s walk through two examples that clearly show how this works.

Example 1 — Not Eligible

An individual previously lived in a home that they owned and sold it in June 2021.

They entered into an agreement to purchase a new home from a builder on or after May 27, 2025 and took ownership in August 2025.

They would **not** qualify.

Why?

Ownership occurred in 2025.

The previous four calendar years from 2025 are:

- 2024
- 2023
- 2022
- 2021

Since they lived in a home they owned in 2021, that year falls within the restricted window.

Even though it “feels” like a long time ago — calendar math says otherwise.

Example 2 — Eligible

Now change just one detail.

The same individual sold their home in June 2021 and has rented since.

They entered into an agreement on or after May 27, 2025 and took ownership in February 2026.

This time, they **would** qualify.

Why?

Ownership occurred in 2026.

The previous four calendar years from 2026 are:

- 2025
- 2024
- 2023
- 2022

2021 is no longer within the four-calendar-year window.

Same person.

Same sale date.

Different closing year.

Completely different outcome.

Other Fine Prints Most People Will Miss

Spouse Rule

If your spouse or common-law partner owned and lived in a home during the restricted period, that can disqualify you — even if you personally did not own anything.

This is one of the most overlooked clauses.

Primary Residence Requirement

The property must be intended as your primary residence.

Not:

- A rental
- A flip

- A corporate acquisition
- An assignment play

CRA looks at both stated intention and actual occupancy.

Value Thresholds

The rebate applies only within certain purchase price limits and phases out beyond that.

In high-priced markets like much of the GTA, this becomes very relevant.

Agreement Timing

The date you sign your purchase agreement matters.

Pre-construction buyers especially need to pay attention to:

- Agreement date
- Closing year
- Assignment transactions

Eligibility can hinge on timing — not just ownership history.

Pros (If It Receives Royal Assent)

- Potentially meaningful tax savings on new homes
 - Helps true first-time buyers enter the market
 - Reduces upfront tax burden
 - May improve affordability modelling
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Cons and Risks

- Not law yet — requires Royal Assent
- Strict calendar-year rule
- Spouse ownership counts
- Primary residence rule is enforced
- Value caps limit benefit in higher-priced markets
- Assignment and corporate purchases complicate matters

The Bigger Conversation

Tax incentives should support your strategy — not drive it.

Before making decisions based on headlines, ask:

- Does the home still make sense financially without the rebate?
- Are you stretching because of a proposed policy?
- Does your closing year work in your favour?
- Are you certain you qualify under the spouse and calendar rules?

A one-year shift in closing can determine eligibility.

That's not a small detail.

Final Thought

Yes, this proposal could be significant.

No, it is not finalized.

And yes — the details matter more than the headlines.

If you are considering buying new construction, building your own home, or entering the market within that four-year window, I strongly recommend reading the CRA page directly:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-rebates/first-time-home-buyers-gst-hst-rebate.html>

The fine print is where financial strategy lives.

And that's always worth understanding before you sign.