

A New Federal Affordability Law Just Passed — Here's What Changed

Last week, the federal government passed new legislation aimed at making life more affordable for Canadians. While the announcement included several policy changes, two of them stand out for everyday households — especially for people thinking about buying a home.

Here's the simple breakdown.

1. Income Tax Is Going Down

The lowest federal income tax rate has been reduced from 15% to 14%.

What this means

Most working Canadians will see a small reduction in their tax bill.

Estimated savings

Up to \$420 per person annually

Up to \$840 for two-income households

It's not a massive change, but it does provide some relief for millions of Canadians.

2. Major GST Relief for First-Time Home Buyers

First-time buyers purchasing a newly built home may now qualify for a GST rebate of up to \$50,000.

How the rebate works

Home Price GST Rebate

Up to \$1M Full GST rebate

\$1M – \$1.5M Partial rebate

Above \$1.5M No rebate

Since GST on new homes is 5%, removing it can significantly reduce closing costs.

Example:

A \$900,000 new home normally carries about \$45,000 in GST — which could now be rebated for eligible buyers.

3. Why This Matters

For many buyers, the biggest barrier isn't the mortgage — it's the upfront costs.

Removing GST on new homes could:

Reduce closing costs significantly

Help first-time buyers enter the market sooner

Encourage more construction supply

The Bottom Line

This new legislation introduces:

- Lower income taxes for millions of Canadians
- Up to \$50,000 GST relief for first-time buyers purchasing new homes

For anyone considering new construction purchases, this change could make a meaningful difference in affordability.

If you're exploring whether a new build purchase qualifies for the GST rebate, feel free to reach out — the eligibility details matter and every situation can be slightly different.