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CANADA

A FREE GUIDE FOR HOME BUYERS

The Home Buyer's Tax Companion

The taxes, rebates and shelters wrapped inside one purchase — found before closing day, not after.

The purchase price is not the price. Land transfer tax arrives on closing day with no financing attached, while rebates and first-timer programs sit unclaimed a page away in the same paperwork. The government already has a seat at your closing table — this companion makes sure it also picks up part of the bill.

Five tax moves hiding in one purchase — how many will you use?

1	**Land transfer tax.** The bill nobody budgets for: due at closing, in cash, on top of the down payment. First-time buyers can get part of it — sometimes most of it — refunded in several provinces.
2	**The FHSA.** A deduction on the way in and tax-free money on the way out — the only account that does both, built specifically for a first home.
3	**The Home Buyers' Plan.** Borrow your own RRSP savings for the down payment without the usual withdrawal tax — as long as you repay yourself on schedule.
4	**The first-timer credit.** A one-time credit claimed on your return for the year you buy. It costs one line on a form and is forgotten by thousands of buyers every spring.
5	**The principal residence exemption.** The reason your eventual gain can be tax-free — if you report the sale that almost everyone assumes needs no reporting.

Rebate amounts, account limits and credit values shift year to year and province to province, so this companion teaches the mechanisms only. Today's figures live at canada.ca — and the FHSA room calculator and its neighbours wait at taxfilings.ca/tools.

01 Land transfer tax: the bill at the door

Most provinces tax the transfer of a property, scaled to the purchase price, and a few cities — Toronto most famously — charge their own on top, roughly doubling the hit. Your lawyer collects it on closing day and sends it on. There is no instalment plan, and no rolling it into the mortgage.

A CLOSING-DAY DEADLINE

The money is due the day the keys change hands, in cash, alongside your down payment and legal fees. Ask your lawyer for the exact figure the week your offer is accepted, so the number arrives as information instead of a crisis.

FIRST-TIMER SAVINGS

Several provinces, and Toronto, refund part or all of the tax for first-time buyers — but the refund is claimed, not automatic, and the definitions and amounts differ by province and change over time. Check yours at canada.ca and your province's site before closing week.

02 The FHSA: in like an RRSP, out like a TFSA

Money going in

Contributions cut your taxable income the way RRSP deposits do — a genuine deduction you can use now or hold back for a higher-earning year.

Money coming out

Spent on a qualifying first home, withdrawals leave tax-free, like a TFSA — and the deduction you took going in is never clawed back.

PLANNING TIP

Open the account before you are ready to save: contribution room only starts building once an FHSA exists, so an empty one today means more sheltered space when the house hunt turns serious. The FHSA room calculator at taxfilings.ca/tools keeps the running score.

03 The Home Buyers' Plan: borrowing from future-you

The HBP lets a first-time buyer pull money out of their own RRSP for the purchase, without the tax a withdrawal normally triggers. It is a loan from your retirement to your down payment: repayments go back in yearly slices over fifteen years, starting shortly after the purchase, and the current withdrawal limit is posted at canada.ca.

THE QUIET MISS

Skip a year's repayment and that slice is silently added to your taxable income instead — taxed now, gone from retirement forever. Put the repayment on the same calendar reminder as RRSP season, and the plan stays what it was meant to be: interest-free.

04 The principal residence exemption — and its paperwork

When you sell the home you actually live in, the exemption can wipe out the entire gain — one property per family per year, designated when you sell. The catch is procedural: the sale must be reported on that year's return even when the tax comes to zero, because reporting is how the exemption gets claimed.

> TWO WAYS TO LOSE IT
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> First, silence: an unreported sale invites penalties and, at worst, puts the exemption itself at risk. Second, speed: a home resold within about a year is generally taxed as business income under the anti-flipping rules — no exemption, no capital-gains treatment — unless a listed life event applies. Both sets of rules live at canada.ca.

05 New builds: the rebate you probably already received

Brand-new homes carry GST/HST; resale homes do not. A rebate returns part of that tax on new builds below certain price levels — and in most deals the builder credits it straight into the sticker price, with you signing the claim over at closing. Read the purchase agreement until you can point at the rebate clause.

> BUYING TO RENT IT OUT?
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> The builder's version assumes you will move in. Landlords use the rental cousin of the rebate instead — claimed by you, after closing, with a lease in hand. Investors who miss it leave real money parked with the government; the real estate industry page at taxfilings.ca walks through it.

06 Closing week: the tax checklist

- [ ] Statement of adjustments: saved with your tax records — it holds numbers your accountant will need for years
- [ ] Land transfer tax receipt: filed, with the first-timer refund claimed if you qualify
- [ ] First-timer credit: flagged for next spring's return — the year you buy is the only year to claim it
- [ ] HBP forms: completed before the RRSP money moves, never after
- [ ] FHSA withdrawal: the qualifying-withdrawal form filed with your bank, so the money leaves tax-free
- [ ] New-build agreement: the rebate clause found, read and understood
- [ ] CRA address update: done at possession, so benefits and mail follow you
- [ ] A renovations folder: started on day one — improvement receipts can matter for decades

The return where all of this lands is the one we prepare every spring — see the personal tax filing services at taxfilings.ca when you want the claims handled for you.

07 The buyer's self-check

Count one point for each YES.

1. I know the land transfer tax figure for my target price, city portion included.	YES / NO
2. I have checked whether I count as a first-time buyer — the definition is wider than "never owned a home."	YES / NO
3. My FHSA is open and building room, or I know exactly why I skipped it.	YES / NO
4. I can explain the HBP repayment schedule before borrowing from my own RRSP.	YES / NO
5. I know a home sale must be reported to claim the exemption, even at zero tax.	YES / NO
6. If I am buying new, I know who claims the HST rebate — the builder or me.	YES / NO
7. My closing documents have one permanent home my accountant could find.	YES / NO

6–7 · Green
You will walk into closing better briefed than most of the room. Keep the folder alive after the keys.

3–5 · Yellow
At least one rebate or deduction with your name on it is likely going unclaimed. Re-read pages 2 and 3 with your own purchase in mind.

0–2 · Red
You are budgeting the sticker price of the biggest purchase of your life. Give this companion one evening before you sign anything.

08 The four-week runway to closing

Week 1
Get the land transfer tax number for your price range from your lawyer or your province's tables, and add it to the cash-to-close budget.

Week 2
Line up the shelters: FHSA room checked at taxfilings.ca/tools, HBP paperwork requested, first-timer status confirmed in writing.

Week 3
Read every tax line in the purchase agreement — HST treatment, rebate assignment, adjustments — and ask about anything murky.

Week 4
Walk the closing-week checklist on page 3, then file every document where next spring's return can reach it.

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Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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