

Ontario enhances the HST rebate for purpose-built rental properties

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On November 1, 2023, the Ontario government announced that it would increase the harmonized sales tax (HST) rebate on qualifying purpose-built rental housing (the enhanced Ontario HST rental rebate) in order to incentivize the construction of new rental homes in the province. The enhanced Ontario HST rental rebate provides a full rebate of the 8% provincial portion of HST for properties in Ontario.

The enhanced HST rebate builds on the previously announced rebate of the federal portion of HST (i.e., the enhanced GST rental rebate). Please see our Osler update discussing the enhanced GST rental rebate announced on [September 14, 2023](#).

Eligibility for the HST rebate

The enhanced Ontario HST rental rebate would apply to new purpose-built rental housing, including apartment buildings, student housing and senior residences built specifically for long-term rental accommodation. The eligibility criteria generally mirrors the criteria to qualify for the enhanced GST rental rebate. A qualifying new residential unit must be in a building with at least four private apartment units (containing a private kitchen, bathroom and living areas) or at least 10 private rooms or suites, and at least 90% of the residential units must be designated for long-term rental.

Similar to the enhanced GST rental rebate, the enhanced Ontario HST rental rebate will be available for eligible purpose-built rental projects if the project “begins construction” between September 14, 2023, and December 31, 2030. Eligible purpose-built rental projects must complete construction by December 31, 2035, to claim the enhanced Ontario HST rental rebate.

Changes to the Ontario HST rental rebate scheme

The enhanced Ontario HST rental rebate will increase the existing HST rental rebate from 75% to 100% of the 8% portion of provincial HST and will remove the rebate cap (previously \$400,000 per unit). The builder of a residential complex with rental units with a fair market value of \$500,000 each would, under the new proposal, receive \$40,000 in the enhanced Ontario HST rental rebate for each unit. Along with the enhanced GST rental rebate of 5%, a

builder would receive a total of \$65,000, where it previously would have received only \$24,000.