



NEWS RELEASE

GST cut helps home buyers, owners, renters, CHBA says

OTTAWA, October 30, 2007 – The Harper government’s decision to cut the GST to 5 per cent, effective January 1, 2008, will significantly improve housing affordability, the Canadian Home Builders’ Association (CHBA) said today.

“This is great news for both home buyers and owners,” CHBA President Richard Lind said. “It will help all owners who are considering renovations and all Canadians who make major household purchases.”

Mr. Lind said that the announcement in Finance Minister Jim Flaherty’s Economic Statement fully honours the Conservatives’ 2006 election commitment to reduce the GST by two per cent. “We are pleased to congratulate a government that keeps its campaign promises.”

He welcomed transitional rules for the further 1 per cent reduction. This reduction applies to homebuyers who purchase after October 30 and take possession after January 1, 2008. As well, those who purchase before October 30 and take possession after January 1 will be able to apply to Canada Revenue Agency for a transitional rebate that reflects the reduction to 5 per cent. “This is a great benefit to homebuyers,” said Mr. Lind.

The combined reduction in the GST from 7 per cent to 5 per cent will mean savings of \$3,840 on the purchase of a new home priced at \$300,000. Together with the existing new housing rebate, the 5 per cent GST rate will restore the effective rate of federal sales tax on new homes to the level that applied before the introduction of GST in 1991.

He said the GST reduction will also help to encourage private investment in new rental housing which is needed to increase the supply of rental units that people can afford.

The CHBA also congratulated the government for reducing personal and corporate tax rates. The Economic Statement said the corporate tax rate will be cut to 15 per cent, beginning with a one per cent cut in 2008 and the small business rate will go down to 11 per cent in 2008, one year earlier than scheduled. These measures will help businesses to generate economic growth and create jobs, Mr. Lind said.

The Canadian Home Builders’ Association (CHBA) is the voice of the residential construction industry in Canada, representing more than 7,500 member firms across the country. Membership comprises new home builders, renovators, developers, trade contractors building material manufacturers and suppliers, lenders and other professionals in the housing sector.

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