



— RESIDENTIAL · GUIDE

HST on new and substantially renovated homes

When HST applies, when the new housing rebate is available, and why a corporate seller is treated differently than an owner-builder.

Posted Oct 16, 2025 · Updated Jul 7, 2026

HST and home purchases is one of the most confusing corners of Ontario real estate, and it is one where getting it wrong is expensive. The good news is that for the most common transaction, an ordinary person buying a used home from another ordinary person, HST simply does not come into it. The complications arrive when the home is new, substantially renovated, or being sold by a builder. Here is the plain-language map, with a clear warning up front: the dollar figures and rebate thresholds in this area change with legislation, and the rules have been amended recently. Nothing here is a substitute for confirming the current numbers and your specific situation with your lawyer and a tax advisor.

The basic split

Start with the single most useful distinction:

- Resale of used residential housing is generally exempt from HST. When you buy a previously occupied home from its owner, you normally do not pay HST on the purchase price. This covers the large majority of resale transactions.
- A builder's sale of new or substantially renovated housing is generally taxable. When the seller is a builder and the home is newly built or has been substantially renovated, HST generally applies to the sale.

So the threshold questions are: Is this new or substantially renovated housing? And is the seller selling it in the course of a business, like a builder or a corporation? If the answer to both is yes, you are likely in HST territory.

"Substantially renovated" is a technical term

People hear "renovated" and assume a kitchen and a few bathrooms count. The tax concept of "substantially renovated" is much more demanding than ordinary renovation. It generally refers to a renovation so extensive that the result is treated, for tax purposes, much like a newly built home. A normal cosmetic or even significant update usually does not meet the test. Because the line is technical and the consequences are large, whether a particular property is "substantially renovated" is exactly the kind of question to put to a tax advisor rather than guess at.

The new housing rebate

When HST does apply to a new or substantially renovated home, there are rebate programs that can give back a portion of the tax, designed so that the full tax burden does not fall on ordinary buyers of moderately priced new homes. There are eligibility conditions, including, for some rebates, that the buyer or a close relation intends to live in the home rather than rent it out or flip it.

We are deliberately not stating rebate amounts or price thresholds here, because they change, and this area has seen recent legislative change. A figure that was correct a year ago may be wrong today. If you are buying a new or substantially renovated home, the rebate math should be worked out on current rules for your specific purchase price and situation. This is a place to get advice, not to rely on a number from an old article or a forum.

Why a corporate seller is treated differently than an owner-builder

This is the distinction that catches people, and it matters a great deal.

If an individual genuinely builds a home as their own personal residence and lives in it, and later sells it, that sale can fall outside HST in a way that reflects its personal, non-commercial nature. This is sometimes loosely called the owner-builder situation. The sale of a true personal residence is treated very differently from a commercial sale of new housing.

A corporation selling new or substantially renovated housing is in a different position. A corporate seller cannot rely on the personal owner-builder treatment. When a corporation sells new or substantially renovated housing, the sale is generally a taxable supply, with the HST and compliance obligations that come with that, and the seller is generally expected to be registered and to have met the obligations that apply to those who build and sell new homes, including the licensing and warranty enrolment requirements for new home builders in Ontario. In short: the same physical house can carry very different tax and compliance consequences depending on who is selling it and why.

If you are buying new or substantially renovated housing from a corporation, or you are a corporation selling it, this is not a detail to leave to assumption. The tax characterization, the rebate eligibility, and the builder compliance obligations all need to be confirmed in writing, by your lawyer and a tax advisor, before the deal closes.

When you mostly do not need to worry

To put the common case at ease: if you are buying an ordinary used home from the people who lived in it, HST is generally not part of your purchase price. The HST analysis becomes important when the home is new or substantially renovated, when the seller is a builder or a corporation, or when there is something unusual about the property's history or use. If any of those apply to you, raise it early.

Bottom line

Used home from an ordinary seller: HST generally does not apply. New or substantially renovated home from a builder or corporation: HST generally does apply, rebates may reduce it, and the rules are technical and change often. A corporate seller cannot use the personal owner-builder treatment,

which makes its sale taxable and brings builder compliance obligations into play. Because the figures move and the consequences are large, confirm the current numbers and your specific situation with us and a tax advisor before you commit. Do not rely on a rebate amount you read somewhere.

This is general information about HST on housing in Ontario, not legal or tax advice for your transaction. HST treatment and rebate rules are technical, change with legislation, and depend on your specific facts. Talk to us and a tax advisor before relying on any of this.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

The information on this website is provided for general informational purposes only and is not legal advice. Viewing this site or contacting Luciano Legal does not create a solicitor-client relationship; that relationship begins only when we agree in writing to act for you. The lawyers at Luciano Legal are licensed by the Law Society of Ontario.

The current version of this guide is at lucianolegal.com/resources/articles/hst-new-renovated-homes.html.