

Most Ontarians confused about HST and resale homes

56% mistakenly believe HST applies to purchase price

Toronto, Ontario, October 27, 2010 - An Ipsos Reid survey commissioned by the Ontario Real Estate Association (OREA) and released today reveals that fully 56 percent of Ontarians mistakenly believe that the new Harmonized Sales Tax (HST) applies to the full purchase price of a resale home. In fact the HST is only levied on the various transaction fees associated with the purchase of a home that has been previously occupied (i.e. not a newly-built home).

Currently, the average price of an Ontario resale home is around \$330,000. Therefore, this confusion leaves the majority of Ontarians wrongly believing that the HST will add more than \$40,000 to the transaction cost. There is growing concern among real estate professionals that this misperception about the HST is dampening the Ontario housing market.

"We see it on the front lines every day. Clearly, Ontarians still don't know what the HST covers and what is exempt," noted Dorothy Mason, President of OREA. "This is not helping the housing market, and it's not helping the Ontario economy. This confusion means that many buyers think the cost of a resale home is tens of thousands of dollars higher than it actually is."

The results of the survey conducted earlier this month were consistent across all age groups. However, there were some differences across other demographic categories. For instance, of those surveyed half of the university graduates, 71 percent of northern Ontarians, 59 percent of those living in eastern and southwestern Ontario, and 54 percent of GTA residents all mistakenly believe the HST applies to the full purchase price of resale homes.

"We're doing our part to inform our clients, but we shouldn't have to do it alone. We're calling on the Ontario government to launch an immediate public awareness campaign to educate taxpayers and end the HST confusion," concluded Dorothy Mason. "For average homebuyers, learning that the HST does not apply to the full purchase price means a \$40,000 saving they weren't expecting."

Ipsos Reid conducted the survey among 830 Ontarians from Ipsos's online panel, between October 4th and 11th, on behalf of the Ontario Real Estate Association. The estimated margin of error is +/-3.8 percentage points, 19 times out of 20.

The Ontario Real Estate Association represents 49,000 brokers and salespeople who are members of the 42 real estate boards throughout the province. OREA serves its REALTOR® members through a wide variety of professional publications, educational programs, advocacy, and other services.

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