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NEW HST TAX WILL HURT CONDOS, CO-OWNERSHIPS, CO-OPERATIVES AND HOUSE OWNERS

New taxes are never a good thing. The new harmonized sales tax (HST) which is effective July 1, 2010, will be tough on the housing industry and particularly on owners of condominiums, co-ownerships, co-operatives and houses.

In the past, the 8 per cent provincial sales tax has not applied to services, but that will change on July 1st. The new HST will combine the sales tax with the 5 per cent GST for a combined 13 per cent sales tax. For owners of condominiums, co-ownerships and co-operatives, it means many services that make up maintenance fees, such as hydro and natural gas, repairs and maintenance, landscaping, and contracted services will be taxed at the new rate. It's estimated that maintenance fees will rise by 6 or 7 per cent.

Property managers also warn that if major work is planned for an older building, such as replacing a roof, owners may have to pay a special levy to top up their building's reserve fund to cover the new charges.

It is not just owners who will feel the impact of the harmonized sales tax. Renters will have to pay the tax on repair and maintenance changes to their rental property. For anyone who buys a property after July 1, closing costs such as legal fees, real estate commissions, home inspections and the costs of movers will also increase because of the HST.

If you are thinking of buying, if you buy now, you can avoid that increase.