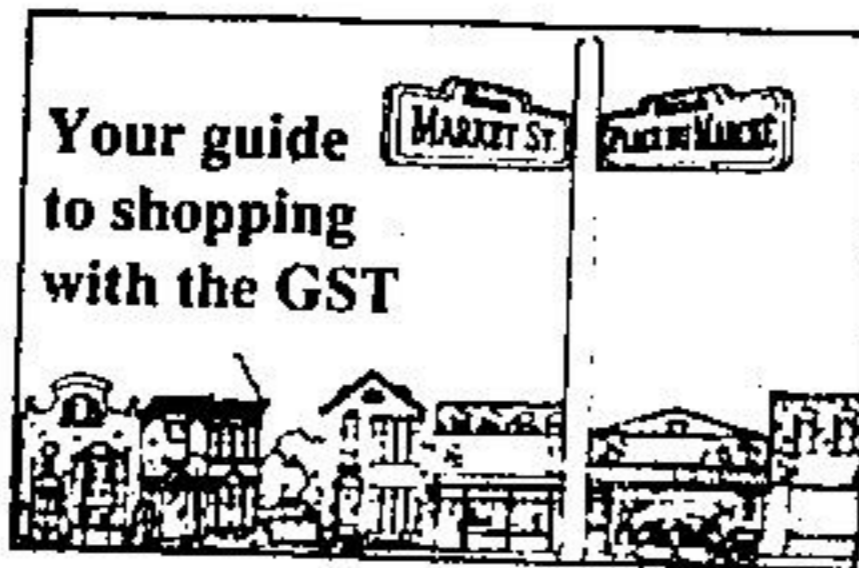


# Housing prices won't go through the roof

(NC)—On January 1, 1991 the federal government stops charging the old Federal Sales Tax (FST) and applies a new tax on most goods and services (GST). If you are thinking about buying a house in 1991, don't be alarmed. Housing prices will not go through the roof because of the GST.

Few Canadians are aware that they have been paying FST. In fact, this tax has been collected for over 60 years. Currently, FST is charged at 9% on building materials such as lumber, bricks, doors and windows; and at 13.5% on products such as paint and wallpaper. This existing sales tax accounts for just over 4% of the overall cost of a new house.

The 7% GST replaces the FST, and applies to the selling price of newly constructed or substantially renovated houses and mobile homes. Under the new tax system, previously untaxed land costs will be taxed, so the impact of the new tax will depend on the pro-



Your guide to shopping with the GST

portion of the selling price that is made up of land costs. This amount varies widely across the country. For example in Edmonton it averages 21%, in Vancouver it averages 44%.

More than 95% of all new home buyers will qualify for a GST housing rebate. Of the 7% tax, 2.5% will be paid back on houses priced up to \$350,000. Purchasers of higher priced houses will receive a reduced rebate. At \$450,000 and above there will be no rebate.

The builder (or seller) of your new home will simply deduct the amount

of the rebate from the GST owing when you purchase your house. By subtracting the rebate from the 7% GST, the effective tax rate on most houses will be 4.5%. The GST will not apply to resale houses, residential rents or condo fees so no rebate will be issued.

Why are all these complicated figures important? Simple: if consumers don't know what's happening with GST, they won't be able to ask vendors intelligent questions. To assist Canadians in making informed buying decisions, an independent GST Consumer Information Office has been established. Its main purpose is to look after the interests of consumers by providing reliable information about the GST.

If you have any questions about how the GST will affect housing prices call toll free 1-800-668-2122 for a copy of a brochure called The Goods and Services Tax and Housing.

Estimated impact of the GST on selected housing prices across Canada\*

Urban area	Selling price*		Share of unserviced land in total selling price		Savings from FST removal		Amount of GST		Amount of rebate		Net change in sales tax due to GST	
	\$	%	\$	%	\$	\$	\$	\$	\$	\$	%	
St. John's	127,000	24	4,368	8,584	3,090	1,126	+0.9					
Halifax	99,000	23	3,450	6,688	2,408	830	+0.8					
Montreal	129,000	29	4,145	8,740	3,146	1,449	+1.1					
Toronto	338,000	41	9,026	23,028	8,290	5,712	+1.7					
Winnipeg	88,000	24	3,027	5,948	2,141	780	+0.9					
Edmonton	122,000	21	4,362	8,235	2,964	909	+0.7					
Vancouver	216,000	44	5,475	14,737	5,305	3,957	+1.8					

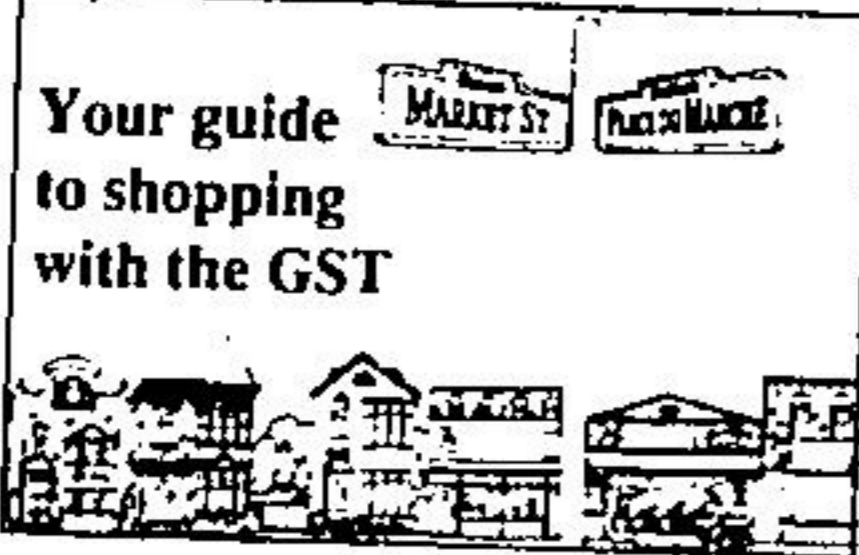
\*Estimated by the GST Consumer Information Office for standard new homes commonly found in each of seven metropolitan areas, from data supplied by Canada Mortgage and Housing Corporation and Statistics Canada.

## GST will affect real estate transactions

(NC)—If you are planning to buy a house in 1991, you're probably interested in how the Goods and Services Tax (GST) will affect prices. The short answer is: not much.

You'll pay no GST on resale housing because federal sales taxes (FST) have already been paid. On new and substantially renovated houses, the 7 per cent GST will replace the FST. A GST rebate will reduce taxes on new homes selling for \$450,000 or less.

So what does this mean? It means that most of us will pay about 1% more for a new house that we buy after January 1, 1991. But that's not the end of the story. If you've ever gone through the purse-draining experience of buying a home, you'll know that the actual purchase price is just the thin edge of the wedge.



Your guide to shopping with the GST

All sorts of real estate transaction fees will flood through the door. And, as mentioned, while housing prices alone should remain constant, all of these extras will, for the first time, be taxed. So, for example, lawyers fees, surveys, inspections, appraisals and moving fees will all be subject to a 7 per cent tax starting in 1991. So will the real estate commissions charged by your agent. Most financial services like mortgage payments and

interest on loans will not be subject to GST.

Electricity, gas, telephone and cable TV will also be taxed at 7 per cent. Water, sewage, and property taxes will all be exempt.

To assist Canadians in making informed buying decisions, an independent GST Consumer Information Office has been established. Its main aim in life is to look out for the interests of consumers by providing reliable information about the GST and prices; because the best protection against opportunistic pricing is a smart, informed shopper.

If you have questions about how the GST will affect housing prices call toll free 1-800-668-2122 for a copy of a brochure called The Goods and Services Tax and Housing.

Sample GST rebates for new homes purchased from a builder

Selling price of home	Amount of GST paid	Treatment under GST New Housing Rebate	Amount of GST New Housing Rebate
\$	\$	\$	\$
100,000	7,000	Full	2,520
150,000	10,500	Full	3,780
200,000	14,000	Full	5,040
250,000	17,500	Full	6,300
300,000	21,000	Full	7,560
350,000	24,500	Full	8,750 (maximum)
400,000	28,000	Declining	4,375
450,000	31,500	Zero	0
500,000	35,000	Zero	0

NC

Survey Completed Friday, January 18, 1991	MORTGAGE RATES ANNUAL INTEREST					
	SIX MONTH	ONE YEAR	TWO YEAR	THREE YEAR	FOUR YEAR	FIVE YEAR
<b>TRUST COMPANIES</b>						
Canada Trust	N/A	12.00	12.00	12.00	12.00	12.00
Municipal Trust	N/A	12.50	12.25	12.25	12.25	12.25
NRS/Royal Trust	12.50	12.25	12.25	12.25	12.25	11.75
<b>CHARTERED BANKS</b>						
Bank of Commerce	N/A	11.75	12.25	12.25	12.25	12.25
Bank of Montreal	12.00	12.00	12.00	12.00	12.00	11.95
Bank of Nova Scotia	N/A	12.25	12.50	12.50	12.50	12.25
Royal Bank	12.00	12.00	12.00	12.00	12.00	12.00
Toronto Dominion	12.00	12.00	12.00	12.00	12.00	12.00

This survey was prepared to help the Herald Homestyle readers track weekly Bank and Trust Company rates.

### Active families benefit with home information centre

(NC)—Parents, help your family Stay Alert and Stay Safe with an "Information Centre" in your home. Whether it's a centrally located bulletin board or a space on the kitchen fridge, every home should have an Information Centre to keep family members aware of each other's activities and whereabouts at all times.

Items to consider as a part of your Information Centre include:

- A map of your neighbourhood—with the homes and phone numbers of your children's friends, neighbours and relatives clearly marked on it in black or red.

- A chart with each family member's name on it. Each name should be followed by a space for everyone to write where they are going and when they will be back.

- Phone numbers of where children and parents are and where they can be reached at all times. Other numbers to include:

- your work number,
- phone number of a neighbour or adult friend your child can call if you are unreachable during an emergency,
- your Doctor's number,
- phone numbers of your children's friends, and
- an emergency number for the police and fire department (eg. 911).

These numbers should all be clearly visible.

- If your children walk to



school, consider making a map of their route to school a part of your information centre. This map should include the streets and places your child will pass on their way to and from school. Identify places on this map that could potentially be unsafe eg. lonely parks, woods, parking lots, abandoned buildings or underground garages. Discuss these places with your child.

Stay Alert...Stay Safe is a national charitable organization whose educational program is supported by Canadian Tire's Child Protection Program. The Stay Alert...Stay Safe program is designed to build children's confidence and enable them to make alertness second nature by "keeping their radar up" so they can identify potentially unsafe situations or avoid or take action to protect themselves. Call your local police to make sure your children's school knows about this program or write Stay Alert...Stay Safe, 8th Floor, 2180 Yonge Street, Toronto, Ontario, M4P 2V8.