

HST: Yes or no? Or is there a third option?

How plans for this summer's referendum could change things again. Maybe for the better.

BY CAMERON MCNEILL

It's been almost a year since the HST was implemented in B.C. What became one of the hottest topics of 2010 (aside from the Olympics), eventually led to a premier's resignation and a new reality we all had to accept. Looking back, it seemed the resistance to the HST was largely based on the way it was implemented and the lack of information, resources and consultation before it took effect. So as promised, the Liberals are holding a referendum this summer and you can be sure it's going to be in the news, in social media (#HST) and chatted about in cafés all over B.C.

So what does this mean when buying new real estate? New housing rebates were implemented following the introduction of the HST last July to ensure that, on average, purchasers ("end users" and investors) of new homes up to \$525,000 do not pay any additional tax due to harmonization.

As it stands now, if your new home costs \$525,000 or less, you don't pay a dime more, compared to the previous PST taxation system. For most first-time homebuyers and investors who generally qualify for homes priced below this amount, there is no impact of the HST on your total home cost. If your new home is more than \$525,000, you are still eligible for the grants up to \$525,000 with HST impacting only the amount above this. On average, the total increase on real estate is often less than two per cent – not 12 per cent as many believe.

In Metro Vancouver, we didn't see any major impacts of the HST on new home sales levels. In fact, federal changes to the mortgage rules in late March of 2011 impacted some buyers' ability to purchase (borrow money) more than the introduction of the HST. Since the HST was implemented, real estate sales and values in all areas of Metro Vancouver have remained very strong. Several of our sales managers reported that for those who have wanted to purchase a new home, the HST hasn't changed their minds.

Do I support the HST? In principle, absolutely! However, I feel we need some additional adjustments to lessen the impact to some areas, like the housing industry. The benefit to our economy – one of the strongest in Canada and even

North America – is undeniable. Rather than taking a step back to a dual taxation system, B.C. should take a step forward. Let's use this simplified single taxation system and improve upon it by discussing adequate grants and rebates for those who need it.

Let's refine the system to make sure that all people and all industries' concerns are adequately addressed before we go to the polls, and together, as a province, we can continue to flourish.



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