



Government Relations Issues Update

Ontario Home Renovation Tax Rebate

TREB Key Message

The provincial government should consider the introduction of a permanent Ontario Home Renovation Tax Rebate.

Background

The underground home renovation economy is estimated by the Altus Group to represent 37 per cent of the total output of the residential renovation industry in Ontario – or approximately \$5.2 billion. The \$20.3 billion renovation sector that employs over 195,000 Ontarians is particularly vulnerable to the ‘cash deal’.

The Ontario Home Builders’ Association estimates that the underground home renovation economy causes the loss of up to \$298 million in GST revenue annually, \$1.6 billion in income tax revenue annually and \$767 million from other revenues such as CPP, WSIB, Employer Health Tax and Employment Insurance premiums.

REALTORS® are urging the provincial government to consider the introduction of a permanent Ontario Home Renovation Tax Rebate. Building on the success of the Canada Home Renovation Tax Credit, a permanent Ontario Home Renovation Tax Rebate to consumers would strongly encourage the use of legitimate contractors, create a paper trail to deter underground economic activity, and stimulate the economy.

A recent Ipsos-Reid survey of Ontario home owners revealed that 94 per cent of Ontarians support the use of government tax rebates to encourage home renovation. Health and safety standards of workers in the underground economy are not normally met, warranties are generally non-existent and homeowners have little to no recourse in the event of shoddy or unsafe workmanship. Consumers may also be subject to significant liability if an accident happens within the home.