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Ontario's new HST rebate: key details

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Key Takeaways

- Ontario government announced a full HST rebate for new homes up to $1 million, with a maximum rebate of $130,000.
- Homes priced between $1 million and $1.85 million will receive a flat or declining tax reduction.
- First-time home buyers may also qualify for separate provincial and federal rebates starting March 20, 2025.

In a significant move aimed at improving housing affordability, the Ontario government announced on March 25, 2026, that it will be providing a rebate of the full amount of HST for eligible buyers of new homes valued up to $1 million, with a maximum rebate of $130,000. Homes priced between $1 million and $1.5 million will receive a flat $130,000 sales tax reduction, while homes between $1.5 million and $1.85 million will receive a declining tax reduction from $130,000 to the existing $24,000 provincial reduction. Homes valued over $1.85 million will continue to receive the current $24,000 reduction.

The following table summarizes the rebate structure:

Home price range	HST reduction amount
Up to $1,000,000	Full 13%
$1,000,001–$1,500,000	$130,000
$1,500,001–$1,850,000	Declining reduction: $130,000 □ $24,000
Over $1,850,000	$24,000

As the rebate will involve amendments to the *Excise Tax Act*, which is federal legislation, it is unusual that the provincial government announced the change without a concurrent press release from the federal government. While the federal government appears to be willing to participate in making the changes, it is not clear if the federal government intends to extend the rebate for the GST and the federal portion of the HST paid on new homes sold in provinces other than Ontario.

Eligibility requirements

To be eligible for the rebate, the home must be a “qualifying new home”, for which there are two categories.

The first category includes a new home acquired for use as a primary place of residence and for which the following conditions are met:

- the purchase agreement with the builder is signed between April 1, 2026, and March 31, 2027
- construction of the home begins on or before December 31, 2028, and
- construction is substantially completed on or before December 31, 2031

The second category includes a new home where construction began before March 31, 2026, for use as a residential rental property and for which the following conditions are met:

- the purchase agreement with the builder is signed between April 1, 2026, and March 31, 2027, and
- construction is substantially completed on or before December 31, 2029

While the announcement comes from the Ontario government, it has indicated that the federal government has agreed to “approximately” cover the federal portion of the HST (5%). The changes will form part of the upcoming Ontario 2026 Budget but are ultimately subject to passage of federal legislation. More information will be made available following the release of the 2026 Budget.

First-time home buyer rebate alignment

In addition to the expanded rebate described above, the Ontario government had previously announced a separate provincial HST rebate for first-time home buyers, which is expected to share the same March 20, 2025, effective date as the federal First Time Home Buyers’ rebate. This means that if a first-time home buyer enters into an agreement of purchase and sale for a new home with a builder between March 20, 2025, and December 31, 2030, both the provincial and federal government’s rebates could be available.

Key takeaways

Prospective home buyers should note that the primary rebate program requires purchase agreements to be signed between April 1, 2026, and March 31, 2027, with specific construction timelines depending on the type of property. Both the provincial and the federal component of this rebate remain subject to the federal government making the applicable changes to the *Excise Tax Act*. Buyers should consult with legal and tax professionals to confirm eligibility and ensure compliance with all applicable requirements.