



**GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR**

**DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION**

July, 2004

TAX INFORMATION BULLETIN

Sales Tax Rebate Program

Building Materials for Homes in Labrador

With the implementation of the Harmonized Sales Tax (HST) on April 1, 1997, the combined federal provincial sales tax rate for most goods has decreased from 19.84% to 15%. However, as building materials for homes in Labrador were previously exempt from Retail Sales Tax, the rate on these goods has increased from 7% to 15%. To alleviate the impact of this increase, the Government of Newfoundland and Labrador has implemented a tax rebate program for building materials for homes in Labrador.

Under the program, Labrador residents are required to pay the 15% HST at the time of the purchase, and apply to the province for a rebate. A person who purchases a new home, or hires a contractor to repair or renovate an existing home also will be entitled to a tax rebate.

A “home” means a detached house, semi-detached house, row-house unit, condominium unit, mobile home or apartment and includes the common areas of multi unit residences, but does not include a building or part of a building that is a hotel, motel, inn, boarding house, lodging house or other similar premises.

“Building materials” means those materials purchased for and incorporated into and forming part of a building that is a home, but excludes: air conditioners, other than central air conditioners; appliances including built-in dishwashers, counter-top ranges and built-in ovens; asphalt, paving stone and patio blocks; automotive glass; blinds, curtains, draperies and hardware and rods for blinds, curtains and draperies; bolts, nuts and other fasteners and adhesives not designed for building use; electrical items with plug-in power supply cords; extension cords; free standing cabinets; free standing fireplaces, stoves and space heaters; furniture; garbage compactors; light bulbs; mirrors; padlocks and hasps; paints, enamels and varnishes designed for appliances, vehicles or vessels; rugs, mats and carpet runners not affixed to the real property; scaffolding; security and alarm systems not forming part of the real property; signs; sound systems, speakers and controls; stock size carpets with bound edges; stock size flooring; tools of any type; or any other tangible personal property which in the opinion of the Minister is not building materials.

If there is any doubt about whether a particular item qualifies for a rebate, please check with the Tax Administration Division at the address noted below.

Calculating and Claiming the Rebate

Rebate forms will be available from the Department of Finance and from various sellers of building materials operating in Labrador. All claims must be substantiated by the original purchase invoice showing the name, address and HST registration number of the seller of the building materials as well as a detailed description of the materials purchased and the HST collected or included in the price. No rebate will be made in respect of building materials acquired outside of Labrador for use in Labrador unless a copy of the shipping documents accompanies the rebate claim.

Rebate claims must be signed and certified by the claimant. The Department of Finance may reject claims or require the provision of additional information if materials are considered not to qualify for the rebate or for contracts with material content considered to be unreasonable in the circumstances.

Rebate To Purchaser of Building Materials For Homes

The rebate of the provincial portion of the HST (8%) paid on qualifying building materials purchased and used in the repair, improvement or construction of homes in Labrador will be paid to owners or tenants, as the case may be, upon receipt and approval of properly completed and substantiated claims.

Rebate Respecting Repairs, Renovations or Improvements for Homes

If repairs, renovations or improvements to a home are completed by a contractor, a rebate will be paid to the home owner or tenant, as the case may be, provided the claim is substantiated by the contractor's sales invoice showing that HST has been collected or included in the price and the portion of the contract that is building materials. The home owner has the option to assign the rebate to the contractor.

Purchase of New Home

The owner of a new home may apply for a rebate respecting building materials purchased directly by him or her. If the home has been constructed by a contractor, the home owner may claim a rebate based upon the direct building material content as substantiated by copies of itemized invoices.

Alternatively, the Department will accept a "purchase or sales agreement" or an approved "GST New Housing Rebate" claim as well as other legal documentation showing the purchase price of the home, or a new mobile home. The purchaser has the option of assigning the rebate to the contractor if the home was constructed for a lump sum contract price, or to the dealer of a new mobile home. In the event that a rebate claim is submitted with a purchase or sales agreement, the rebate will be calculated based on 50% of the purchase price; for example, a home purchased for \$100,000 will qualify for a rebate of 50% of the purchase price multiplied by the provincial portion of the HST (8%) calculated as \$4,000. In the case of a new mobile home the value of furniture and appliances included will be deducted before calculating the rebate, for example a new mobile home selling for \$30,000 with furniture and appliances included of \$5,000, the rebate would be calculated as \$30,000 less \$5,000 times 50% times 8% equalling a rebate of \$1,000.

Exclusions

No rebate shall be paid if the claimant has applied for or received a rebate or input tax credit with respect to the building materials under any provision of the Excise Tax Act (Canada) "other than the GST New Housing Rebate, and the GST/HST New Residential Rental Property Rebate".

No rebate shall be paid for claims less than \$25.00. Rebate claims must be filed within 3 years of the purchase date.

Further information is available by contacting:

Department of Finance

Tax Administration Division

P.O. Box 8720, St. John's, NF A1B 4K1

Phone: (709) 729-1695 (LOCAL) Toll Free - 1-877-729-1695

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