

The City of Toronto Municipal Land Transfer Tax (MLTT)

On October 22, 2007, Toronto City Council approved a Municipal Land Transfer Tax (MLTT) as a new taxation measure pursuant to the statutory authority granted under the *City of Toronto Act, 2006*. The MLTT will be effective on the registration of all conveyances of land in Toronto commencing February 1, 2008 and on the disposition of all beneficial interests commencing on February 1, 2008.

The City of Toronto designated Teranet as the official MLTT collection agent for all electronically registered transfer documents. As such, beginning on February 1, 2008, the Teraview software will calculate the MLTT, which will be deducted from your electronic registration bank account (ERBA).

Be sure to include the MLTT amount in your closing costs to clients and ensure you have sufficient funds in your ERBA.

How much is the tax?

The MLTT will be charged on a graduated basis depending on the consideration value of the property. The graduated tax rates are as follows:

For property containing at least one, and not more than two, single family residences with a consideration value of:

Up to and including \$55,000.00	0.5% plus
\$55,000.01 to \$400,000.00	1.0% plus
Over \$400,000.00	2.0%

For all other property with a consideration value:

Up to and including \$55,000.00	0.5% plus
\$55,000.01 to \$400,000.00	1.0% plus
\$400,000.01 to \$40,000,000.00	1.5% plus
Over \$40,000,000.00	1.0%

Is there a minimum tax amount?

When the total MLTT payable is less than \$72 no MLTT will be charged.

Are there exemptions to the tax?

Yes, under the *City of Toronto Act*, 2006, the following statutory exemptions will apply.

- Crown and crown agencies
- Authorities, boards, commissions, corporations, offices and organizations of persons a majority of whose directors, members or officers are appointed or chosen by or under the authority of the lieutenant governor in council or a member of the Provincial Executive Committee
- School boards
- Universities and colleges of applied arts and technology and post secondary institutions
- Hospitals
- Nursing homes, homes for the aged and rest homes
- Other persons and entities as may be required by the Province/City

Other exemptions include:

- All property purchases made by the City of Toronto and its local boards
- The Toronto Community Housing Corporation
- The Toronto Economic Development Corporation
- All conveyances exempt from the Provincial Land Transfer Tax

The City of Toronto has determined that certain cases merit a tax rebate.

These cases are:

- Grandfathering – If the Agreement of Purchase and Sale was entered into on or before December 31, 2007, the purchaser is eligible for a full rebate.
- First-time home purchasers – A rebate, to a maximum of \$3,725, will apply to first-time home purchasers of both new and existing residential properties. This means first-time home purchasers of residential properties with a consideration value of \$400,000 or less will receive the maximum rebate of \$3,725. A first-time home purchaser of a residential property with a consideration value of \$600,000 would pay a land transfer tax of \$7,725 (per the scale shown above) and receive a rebate of \$3,725. A first-time home purchaser of a residential property with a consideration value of \$300,000 would receive a rebate of \$2,725.

Rebate/Exemption Information

It is imperative to determine your client's eligibility for a rebate or exemption before the transaction is registered. If the correct rebate or exemption steps are not followed, the MLTT will be automatically withdrawn from your ERBA.

The tax rebate/exemption process will be implemented in two phases:

Phase 1

Due to the introduction date of February 1, 2008, there is insufficient time to modify the Teraview software to automatically accommodate all of the tax, rebate and exemption activities. Therefore, there will be an interim period requiring the Teraview user to enter some information manually. This period will last from February 1, 2008 until late spring 2008.

Phase 2

With the installation of the Teraview 5.4 upgrade, the software will include electronic statements that will facilitate collection and rebate processing of the MLTT. Teraview 5.4 is planned for introduction in late spring 2008.

Phase 1 Instructions

In most cases, the Teraview software allows you to indicate that your client is eligible for a rebate and will apply that rebate at source. The chart below outlines the actions to take if your client is eligible for a rebate.

Applicant	Category	Action	Step by step instructions
Grandfathering	Agreement of Purchase & Sale executed on or before Dec 31, 2007.	Complete affidavit and rebate application TO BE available at www.teraview.ca/mltt and submit it to Teranet within ten business days. Rebate applied at source based on appropriate information entered in the Document Identification Branch.	To be provided
First-time Home Purchaser	New Home Construction	Complete affidavit and rebate application TO BE available at www.teraview.ca/mltt and submit it to Teranet within ten business days. Rebate applied at source based on appropriate provincial LTT tax statements selected.	
First-time Home Purchaser with Consideration Value Under \$400K	Resale Home	Complete affidavit and rebate application TO BE available at www.teraview.ca/mltt and submit it to Teranet within five days. Rebate applied at source based on appropriate information entered in the Document Identification Branch.	
First-time Home Purchaser with Consideration Value over \$400K	Resale Home	Full tax paid at registration then manual completion of affidavit and rebate application form TO BE available on www.teraview.ca/mltt . Submit affidavit and rebate application form to Teranet within ten business days. Rebate cheque mailed to name and address entered on rebate application form.	
First-time Home Purchaser with Fractional Ownership	When only one of multiple purchasers is eligible for rebate	Full tax paid at registration then manual completion of affidavit and rebate application form TO BE available on www.teraview.ca/mltt . Submit affidavit and rebate application form to Teranet within ten business days. Rebate cheque mailed to name and address entered on rebate application form.	
Municipal Statutory	Many government bodies are exempt from	Complete affidavit and rebate application TO BE available at	

Exemptions	the tax.	www.teraview.ca/mltt and submit it to Teranet within ten business days. Exemption applied at source based on appropriate Document Identification Branch format entered.	
Purchases made by the Crown	Purchases made by the Crown are exempt from MLTT.	Complete affidavit and rebate application TO BE available at www.teraview.ca/mltt and submit it to Teranet within ten business days. Tax exemption applied at source based on appropriate provincial LTT tax statements selected.	

To contact the Teraview Customer Service Centre:

Email mltt@teraview.ca

Visit <http://www.teraview.ca/contact.html>

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