Condo Smarts
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Dear Condo Smarts: We have two questions relating to the recent changes in tax laws. Our property manager has advised us that effective January 1, 2010, we must start paying HST on our strata fees. In addition, he has sent a notice to each owner in the building advising that it will cost them $50.00 per unit to create a statement for our claims for the Home Renovation Tax Credit. Our council was under the impression that we will not be paying HST on strata fees, and our owners are protesting the charge for the HRTC statements. Please clarify this for us. Timber Villas Strata Council, North Vancouver

Dear Timber Villas Council: It is going to be a while until we know the real impact of the HST on strata corporations. The government has indicated there will be no change on strata fees for residential units. Residential strata units do not currently pay GST and will not pay HST on their strata fees. Commercial units in many strata corporations do pay GST and will likely pay HST; however, until the legislation is actually tabled for debate and is passed into law no one knows. The projected date for the HST once it comes into law will be July 1, 2010. The effects on a strata budget will depend on the types of services that you currently pay for that only incur GST, and those that are included in the legislation. They will likely become HST items. As for the Home Renovation Tax Credit (HRTC), the obligation to provide the statement for strata lot owners is that of the strata corporation. As a result, the strata agent/strata corporation is not permitted to charge or levy the owners for the statement. Your strata agency agreement may not currently make a provision for this service, but if requested and agreed to between the agent and the corporation, the agent may charge the strata corporation a fee to provide the statements to the owners. That fee cannot be charged to the owners and would be an operating expense. Review your contract and contact your strata agent to negotiate the service. Each owner is given a statement showing their share of the total annual eligible costs either from a special levy or from reserve funds. The amounts shown per strata lot are based on unit entitlement. For more information on the HRTC, there is an information bulletin on the CHOA web site at www.choa.bc.ca under Legislation Alerts & Updates.