

Land Transfer Tax

What is the Commercial Ontario Provincial Land Transfer Tax Calculation?

When purchasing a commercial property in Ontario, a provincial land transfer tax applies to all properties, including an extra land tax for properties in Toronto. The Land Transfer Taxes are paid by the Buyer at the time of 'Closing', up and beyond the Purchase Price. Buyers in preparation of financing their acquisitions should incorporate their 'Closing' costs, which includes Land Transfer Taxes, Legal & Disbursements, Title Insurance, Mortgage Fees and HST, over and above the Purchase Price. Please note these 'Closing' costs are in addition to the 'Due Diligence' expenses of Building Inspections, Environmental Reports, Appraisals, Legal & Accounting just to name a few. The Commercial Formula for calculating the **Ontario Provincial Land Transfer Tax** is as below;

0.5% on the first \$55,000

Plus 1.0% of the amount from \$55,001 to \$250,000

Plus 1.5% of the amount from \$250,001 to \$400,000

Plus 1.5% for any amount over \$400,001

For example, on a \$1,000,000 commercial property the Ontario Provincial Land Transfer Tax payable is \$13,475.

Toronto Commercial Land Transfer Tax

On October 23, 2007, Toronto City Council approved a municipal land transfer tax that will be levied on top of the provincial land transfer tax, for all properties sold

in Toronto. The Toronto Land Transfer Tax took effect on February 1, 2008. The Commercial Formula for calculating the **Toronto Land Transfer Tax** is as below.

0.5% on the first \$55,000

Plus 1.0% of the amount from \$55,001 to \$400,000

Plus 1.5% of the amount from \$400,001 to \$40,000,000

Plus 1.0% for any amount over \$40,000,001

For example, on a \$1,000,000 commercial property in Toronto, the Toronto Land Transfer Tax calculates to \$12,725 plus the Ontario Provincial Land Transfer Tax of \$13,475, for a total Land Transfer Tax payable of \$26,200.

For additional information please contact the Ontario Ministry of Finance at 905-433-6361 (for provincial land transfer tax questions) or the City of Toronto at 416-338-0338 (for Toronto land transfer tax questions).