

Graywood's Guide To Purchasing In Calgary

We understand the process of purchasing property in another province can be daunting. We've put together this simple guide to help make the process and easy as possible.

If you have any questions, please don't hesitate to reach out to us – we're here to help you every step of the way.

DEPOSITS

We require a 5% deposit with mandatory Bond Approval (our regular deposit is 10%).

The Bond Deposit is available through Travelers Insurance, and essentially once you are approved, the balance of your deposit is deferred until completion. You will need to apply for the program through Travelers Insurance (our sales representatives can provide you with an application) and they will approve your application based on income, assets and a credit check.

One approved, there is an application fee of \$100 and a one-time premium of 4% of the amount of the bond.

ASSIGNMENTS

Yes, assignments are allowed and for a limited time only, we'll waive the 2% administration fee! The purchaser will be liable for any legal costs associated with the assignment.

CLOSING COSTS

Closing costs are much lower in Alberta than other provinces. We do not have levies, development charges, property transfer tax or pre-occupation fees totalling around \$30,000.

Closing costs in Alberta are minimal, and include things such as legal fees, adjustments, title and mortgage registration fees bringing the total cost to under \$1,500.

We do not have Vacancy Tax, Foreign Buyer Tax or Speculation Tax.

YOU ONLY PAY 5% GST IN ALBERTA

No PST or HST!

In Alberta, you only pay 5% GST on the purchase price at final closing, and typically the GST is rolled into your mortgage.

You may also qualify for a rebate of up to 36% of the GST (to a maximum of \$6,300). If the purchase price is \$350,000 or less, you qualify for a rebate of 36%. If the purchase price is between \$350,001 and \$450,000, the GST Rebate is calculated on a sliding scale between 36% - 0% as the price approaches \$450,000. If the purchase price is \$450,001 and greater, no rebate is applicable.

PROPERTY TAX IN CALGARY

The property tax rate in Calgary is low. In 2019 the rate was 0.006% of the assessed value of your residential home, this is slightly lower than Toronto. The City of Calgary will assess the property value which the roll rate is applied to that value.

ADJUSTMENTS

Adjustments in Alberta are not only simple but low. They cover things such as the property tax and condo fees paid for by the developer. The developer pays the property tax for the whole year and depending on when in the year you take possession, you must reimburse the developer for the months remaining in the year once you've transferred title.

For example; you move in, in July then you would need to pay for months July through to December. The same goes for the condo fees paid each month. You take possession July 18th, then you would need to pay back the developer for the 12 days remaining in the month.

The developer is responsible for all fees, levies and taxes prior to you taking possession.

LAND TRANSFER TAX

There is no land transfer tax in Alberta. A Simple land registration fee is charged of \$50 plus \$1 for every \$5000 in property value. A property worth \$500,000 pays a registration fee of \$150.00

Have a question that isn't covered off in this guide?

Give us a call – we'd here to help answer any questions you may have!

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