



News Release / Communiqué

The Canadian Real Estate Association L'Association canadienne de l'immeuble

Tory budget fails to deliver on election promise

No change in capital gains policy

The Canadian Real Estate Association is disappointed that a plan to introduce deferral of capital gains taxes and the recapture of capital cost allowance were not included in today's federal budget.

"REALTORS® welcome investments in infrastructure and transit that have been made by Minister Flaherty in this budget, and in previous ones," says CREA CEO Pierre Beauchamp. "The fact remains that there are still punitive tax consequences for small investors when they sell and reinvest in a new property."

Capital gains tax adjustment remains the last unfulfilled major Conservative Party campaign promise from the last election. "We believe the Conservative government remains committed to fulfilling its promise to permit capital gains tax deferrals, and REALTORS® will continue to work with the government, and with members of all parties, to ensure this becomes a reality" Mr. Beauchamp adds.

"We know that Minister Flaherty is concerned about tax fairness, and is committed to making sure that all forms of investment are treated fairly under the Income Tax Act. REALTORS® know that real property investments continue to be at a disadvantage in Canada's tax code and believe that small investors should be allowed to sell and reinvest in the same way that they can with their stocks and bonds inside an RRSP."

It is CREA's view that tax deferral on reinvestment in rental property would promote the supply and affordability of rental housing, promote environmentally-friendly urban regeneration, and lead to greater equity compared to the income tax treatment of shares, businesses and owner-occupied properties.

"Canada's rental housing markets continue to face a problem that some other countries have addressed. Properties are 'locked-in' because small investors essentially lose their growth in capital if they choose to sell and reinvest," Mr. Beauchamp explains. "However, they still aren't selling because they can't afford to pay the capital gains taxes."

CREA's research and policy analysis for the capital gains rollover proposal shows the tax deferral on reinvestment in rental property will promote the supply and affordability of rental housing, promote environmentally-friendly urban regeneration, and result in greater equity compared to the income tax treatment of shares, businesses and owner-occupied properties. The policy change would also benefit mostly Canadians of moderate income.

CREA's capital gains rollover policy proposal is posted on the Association's web site www.crea.ca, under news releases.

The Canadian Real Estate Association represents more than 94,000 REALTORS® across Canada in more than one hundred real estate Boards and Associations.

- 30 -

For more information, please contact:

Bob Linney, CREA Communications Director, at 613-237-7111 or rlinney@crea.ca

James Brennan, CREA External Relations Director, at 613-237-7111 or jbrennan@crea.ca