

The Home Renovation Tax Credit

Home renovations are smart investments in the long term value of a home. The recently announced budget features a very useful credit for homeowners, The Home Renovation Tax Credit (HRTC) . See below for the answer to some common questions on how it will apply if this budget passes.

What types of products, services and expenses will be eligible?

Eligible

- Renovating a kitchen, bathroom or basement
- New carpet or hardwood floors
- Building an addition, deck, fence or retaining wall
- A new furnace or water heater
- Painting the interior or exterior of a house
- Laying new sod
- Labour costs;
- Professional fees;
- Building materials;
- Fixtures;
- Equipment rentals; and
- Permits

Ineligible

- Furniture and appliances (refrigerator, stove, sofa);
- Purchase of tools;
- Carpet cleaning; and
- Maintenance contracts (furnace cleaning, snow removal, lawn care, pool cleaning, etc.)

How the Home Renovation Tax Credit will work

Canadian homeowners can claim a 15 percent, non-refundable tax credit for the eligible expenditures exceeding \$1,000, but not more than \$10,000, meaning that the maximum tax credit that can be received is \$1,350 (\$9000 x 15%). Taxpayers can claim the HRTC when filing their 2009 tax return.

When the HRTC begins and ends

The HRTC will apply to eligible home renovation expenditures for work performed, or goods acquired, after January 27, 2009 and before February 1, 2010, pursuant to agreements entered into after January 27, 2009.

Who can claim the HRTC?

Eligibility for the HRTC will be family-based which means the credit can only be claimed once per family. A family is generally considered to consist of an individual, and where applicable, the individual's spouse or common-law partner.

The credit can be claimed on eligible expenditures incurred on one or more of an individual's eligible dwellings. Properties eligible for the HRTC include houses, cottages and condominium units that are owned for personal use.

What should consumers do?

Begin to save your receipts for any home improvement project that you are currently working on that qualify for the tax credit.

THE INFORMATION CONTAINED IN THIS SUMMARY HAS BEEN OBTAINED FROM THE BUDGET DOCUMENTS PUBLISHED BY THE FEDERAL GOVERNMENT AND IS PROVIDED FOR THE CONVENIENCE OF OUR CUSTOMERS. THE FOLLOWING SETS OUT OUR UNDERSTANDING OF THE HRTC AND IS NOT MEANT TO BE RELIED UPON AS TAX OR LEGAL ADVICE. TO ENSURE THE ACCURACY OF THIS INFORMATION AND ITS APPLICATION TO YOU, PLEASE REVIEW THE DOCUMENTATION PUBLISHED BY THE FEDERAL GOVERNMENT AND, IF YOU REQUIRE FURTHER INFORMATION, PLEASE OBTAIN FROM YOUR OWN FINANCIAL ADVISORS. IN ADDITION, ALL OF THIS INFORMATION IS CONDITIONAL UPON THE BUDGET PROPOSALS BEING PASSED AND IS SUBJECT TO ANY CHANGES THAT MAY BE MADE BY THE GOVERNMENT.

THIS INFORMATION IS BEING PROVIDED ON OR TAKEN PUBLISHED BY THE FEDERAL GOVERNMENT AND IS NOT MEANT TO BE RELIED UPON AS TAX OR LEGAL ADVICE.