



Master Accountants Inc.

Accountable By Profession

Home Renovation Tax Credit

To stimulate the economy, the Federal government in its 2009 budget, introduced legislation to provide a tax credit to homeowners who renovate their home. Under the program, Canadians can reduce their 2009 taxes by as much as \$1,350. What follows are the answers to common questions about this new tax credit.

What is considered as Home?

A residence will generally qualify if it is eligible to be your principal residence or the principal residence of a family member at any time between January 27, 2009 and February 1, 2010. If you own a condominium, you can claim your share of expenses incurred in respect of common areas as well as expenses in respect of your own particular unit.

◆What expenses qualify for HRTC?

Expenses incurred are eligible when they are incurred in relation to renovations or alterations to an eligible dwelling and are permanent in nature. As a rule, if the item you purchase will not become a permanent part of your home it is not eligible. There are items, however, that have been explicitly excluded (see below).

Here are some examples of expenses that are eligible for HRTC:

- ◆Renovating a kitchen or bathroom.
- ◆New carpet or hardwood floors.
- ◆A new deck or fence.
- ◆A new furnace or water heater.
- ◆Painting the interior or exterior of your home.
- ◆Resurfacing your driveway.

You can also claim the cost of building materials, labour, equipment rentals and the cost of getting the necessary building permits.

What expenses do not qualify for HRTC?

Certain expenses do not qualify for Home Renovation Tax Credit. Such expenses include:

- ◆Repairs or maintenance performed on a yearly or more frequent basis (such as furnace or carpet cleaning).
- ◆Furniture or appliances such as a new stove or fridge.
- ◆Tools or equipment that will retain a value beyond the renovations.
- ◆Financing costs.

Master Accountants Inc.

1 Grenview Blvd. N., Toronto, ON M9A 1T9
Ph: 416-543-6320 Fax: 416-239-7315 www.MasterAccountants.com



Master Accountants Inc.

Accountable By Profession

Home Renovation Tax Credit

How much is the Tax Credit?

The HRTC is only available for the 2009 tax year and applies to eligible home renovations expenses of more than \$1,000, but not more than \$10,000, resulting in a maximum Non-Refundable Tax Credit of \$1,350.00 (\$10,000 less the base amount of \$1,000 = \$9000 times 15%). To track your home renovation expenses for 2009 use this worksheet .

Date on sales slip or contract	Supplier or contractor		Description (indicate if labour is included)	Amount paid (incl. Taxes)	
	Name	GST			
Total eligible expenses =					1
Less: Reimbursement of expenses, if any					2
Portion of expenses incurred and related to rental and /or business use, if any					3
Add lines 2 +3					4
Line 1 minu lines 4 (maximum \$10,000)					5
Base amount				1000	6
Line 5 minus line 6 (if negative, enter "0")					7
Amount claimed by your spouse or common-law partner					8
Line 7 minus line 8 (if negative, enter "0")=Maximum allowable home renovation expenses					9
Multiply line 9 by 15% = HRTC					10

Is there a deadline for doing my renovations?

You can only claim for work done or supplies purchased before February 1, 2010. You cannot claim for agreements to do work or buy supplies that were entered into before January 28, 2009. The credit must be claimed on your 2009 tax return (even where the work is done in January 2010).

TAX TIP: As capital gains on one's home is ordinarily exempt from taxes, it is a great opportunity to add to the tax free value of your home with a little help from the government.