



Master Accountants Inc.

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First-Time Home Buyers's Tax Credit

What is the Home Buyers' Tax Credit (HBTC)?

For 2009 and subsequent years, the budget proposes to introduce a new non-refundable tax credit, based on an amount of \$5,000, for certain home buyers that acquire a qualifying home after January 27, 2009 (i.e., closing after this date).

For the purposes of the Home Buyers' Plan and HBTC, a qualifying home is a housing unit located in Canada. This includes existing homes and those being constructed. Single-family homes, semi-detached homes, townhouses, mobile homes, condominium units, and apartments in duplexes, triplexes, fourplexes, or apartment buildings, all qualify. A share in a co-op housing corporation that entitles you to possess, and gives you an equity interest in, a housing unit located in Canada also qualifies. However, a share that only provides you with a right to tenancy in the housing unit does not qualify.

For the purposes of the HBTC, an individual eligible for the Disability Tax Credit (DTC) is one for whom an amount can be claimed under the DTC for the year in which an agreement to acquire the home is entered into, or could be

claimed if costs for an attendant care or care in a nursing home were not claimed for the [Medical Expense Tax Credit].

How is the new HBTC calculated?

The HBTC is calculated by multiplying the lowest personal income tax rate for the year (15% in 2009) by \$5,000. For 2009, the credit will be \$750.

Who is eligible for the HBTC?

An individual will qualify for the HBTC if:

- ◆ they acquire a qualifying home; and
- ◆ neither the individual nor the individual's spouse or common-law partner owned and lived in another home in the year of purchase or any of the four preceding years.

How will I claim the HBTC?

Beginning with the 2009 personal income tax return, a new line will be incorporated to allow you to claim the credit.

TAX TIP

Buying a home a good long-term investment. With a tax credit of \$750.00 it is now an excellent opportunity to own your own home.

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