



The Home Renovation Tax Credit (HRTC)

It's NEW... and only available for the 2009 tax year.

To provide approximately \$3 billion of much needed fiscal stimulus and encourage investments in Canada's housing stock, Budget 2009 has implemented a temporary Home Renovation Tax Credit (HRTC). Home renovations can be a smart investment for a homeowner in regards to the long term value of a home and also create economic activity by increasing the demand for labour, building materials and other goods. Renovations can also reduce energy consumption and the long term cost of owning a home.

The HRTC is temporary, so take advantage now!

The HRTC will apply to eligible home renovation expenditures for work performed, or goods acquired for the period between January 27, 2009 and February 1, 2010 only. This agreement is temporary to provide an immediate incentive for Canadians to undertake new renovations or accelerate already planned projects.

The HRTC can be claimed for renovations and enduring alternations to a dwelling or the land surrounding.

How will the HRTC work?

The 15 percent credit may be claimed on the portion of eligible expenditures exceeding \$1,000 but no more than \$10,000 making the maximum tax credit that can be received is \$1,350.

This credit can be claimed on eligible expenses 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. Expenses related to landscaping on the land on which these dwellings sit is also an eligible expense.

Who can claim the HRTC?

About 4.6 million families are expected to benefit from the HRTC. Taxpayers can claim the credit when they file their 2009 tax return. Eligibility will be family based (individual and individual's spouse or common law partner). Family members will be able to share the credit.

Here is an example:

Bob and Mary plan to put some new hardwood in their home and build a deck at their cottage. They pay \$5,000 for the flooring and \$3,500 for the deck a few months later. They also decide to do a bit of landscaping that costs \$2,500 which brings their total home renovation costs to \$11,000 (\$5,000+\$3,500+\$2,500). Mary is able to claim the maximum amount of \$1,350.

Examples of eligible expenses:

- Renovation of kitchen, bathroom or basement
- New carpet, hardwood, or other flooring
- Building an addition: garage, deck, garden/storage shed, or fence
- Re-shingling a roof
- New furnace, wood stove, boiler, fireplace, water softener, or water heater
- New driveway or resurfacing a driveway
- Painting the interior or exterior of a house
- Window coverings directly attached to the window frame
- New sod
- Addition of a swimming pool or other permanent in or above ground structure.
- Associated costs such as permits, professional services, equipment rental and incidental expenses.

Examples of ineligible expenses:

- Furniture, appliances, and audio visual electronics
- Purchasing of tools
- Carpet cleaning
- House cleaning
- Maintenance contracts (e.g., furnace cleaning, snow removal, lawn care and pool cleaning)
- Financing costs

Important things to remember

You do not have to submit your supporting documents with your income tax and benefit return; however, you must ensure this information is available should the Canada Revenue Agency request it. To avoid problems with your claim, make sure you:

- Get your contracts in writing
- Keep your receipts

Where can you get more information?

You can find extensive information and answers to frequently asked questions on the CRA website found at: www.cra.gc.ca/hrtc. Or you can call 1-800-959-8281.