



Government of Canada
Gouvernement du Canada



HOME RENOVATION TAX CREDIT

Save up to \$1,350 on home improvements
purchased before February 1, 2010.

Put your tax dollars back into your home.

What is the HRTC?

Under proposed changes, the HRTC is a **non-refundable** tax credit based on eligible expenditures incurred for work performed, or goods acquired, after January 27, 2009, and before February 1, 2010, under an agreement entered into after January 27, 2009. The HRTC can be claimed when filing your 2009 tax return.

The HRTC can be claimed for renovations and alterations of an enduring nature and that are integral to the eligible dwelling (such as your home or cottage) or the land that forms part of the eligible dwelling.

How is the HRTC calculated?

The 15% non-refundable tax credit can be claimed on eligible expenditures of more than \$1,000 but not more than \$10,000. The maximum tax credit that can be claimed to reduce your federal income tax is \$1,350. However, if the total of your non-refundable tax credits is more than your federal income tax, you have no federal income tax to pay, and you will not receive a refund for the HRTC.

Example

William and his spouse Marie pay \$5,000 to purchase an energy-efficient furnace for their home and \$3,500 to build a deck at their cottage. They also decide to have the area around the deck landscaped for \$2,500, bringing their total costs to \$11,000 (\$5,000 + \$3,500 + \$2,500). Marie claims expenses of \$9,000 (\$10,000 – \$1,000), resulting in an HRTC of \$1,350.

William and Marie may also be eligible for the ecoENERGY Retrofit – Homes grant. For more information about the ecoENERGY program, visit www.ecoaction.gc.ca.

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 HRTC claim, make sure you:

- get your contracts in writing (www.hiringcontractor.com); and
- keep your receipts.

Eligible expenses must be of an enduring nature and be integral to the eligible dwelling. The cost of routine repairs, maintenance, and expenditures not integral to the dwelling are not eligible.

Examples of eligible expenses

- Renovating a kitchen, bathroom, or basement
- New windows, doors, or flooring
- Building an addition, garage, deck, shed, or fence
- A new furnace, woodstove, fireplace, water softener, or water heater
- A new driveway or resurfacing a driveway, re-shingling a roof, or painting of a house
- Landscaping – new sod, perennial shrubs and flowers, trees, etc.
- Swimming pools (permanent – in-ground and above-ground)
- Fixtures – blinds, shades, shutters, awnings, lights, fans, etc.
- Associated costs such as permits, professional services, equipment rentals, and incidental expenses

Examples of non-eligible expenses

- Furniture, appliances, tools, and audio and visual electronics
- Routine repairs, maintenance and cleaning (e.g., furnace cleaning, snow removal, lawn care, pool cleaning, house cleaning)
- Financing costs

Where can I get more information?

For more information, go to www.cra.gc.ca/hrtc or call us at **1-877-959-1-CRA**.

1-877-959-1-CRA
actionplan.gc.ca

The Home Renovation Tax Credit is subject to Parliamentary approval.

Aussi disponible en français.

Canada



CANADA'S ECONOMIC ACTION PLAN

BUDGET 2009

The Home Renovation Tax Credit

JANUARY 27, 2009



BUDGET 2009

Home renovations are smart investments in 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.

To provide some \$3 billion of much-needed fiscal stimulus and encourage investments in Canada's housing stock, Budget 2009 proposes to implement a temporary Home Renovation Tax Credit (HRTC).

Temporary, Timely and Targeted Stimulus

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. The temporary nature of the credit will provide an immediate incentive for Canadians to undertake new renovations or accelerate planned projects.

The HRTC can be claimed for renovations and enduring alterations to a dwelling, or the land on which it sits.

How the HRTC Will Work

The 15-per-cent credit may be claimed on the portion of eligible expenditures exceeding \$1,000, but not more than \$10,000, meaning that the maximum tax credit that can be received is \$1,350.

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.

Renovation costs for projects such as finishing a basement or re-modelling a kitchen will be eligible for the credit, along with associated expenses such as building permits, professional services, equipment rentals and incidental expenses.

Routine repairs and maintenance will not qualify for the credit. Nor will the cost of purchasing furniture, appliances, audio-visual electronics or construction equipment.

Who Can Claim the HRTC?

About 4.6 million families in Canada are expected to benefit from the credit.

Taxpayers can claim the HRTC when filing their 2009 tax return.

Eligibility for the HRTC will be family-based. For the purpose of the credit, a family is generally considered to consist of an individual, and where applicable, the individual's spouse or common-law partner.

Family members will be able to share the credit.



Examples of HRTC Eligible and Ineligible Expenditures

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
- Resurfacing a driveway
- Laying new sod

Ineligible

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

Examples of the Benefits of the Home Renovation Tax Credit

The following examples illustrate how homeowners can benefit from the HRTC

- Sally and Ed are a couple who have recently purchased a house. In response to the temporary HRTC, they decide to replace their old windows and improve the insulation in their home in 2009, instead of waiting, incurring \$10,000 in expenditures. After taking into account the \$1,000 minimum threshold, a 15-per-cent credit will be available on \$9,000 in eligible expenditures, providing tax relief of \$1,350.
- William and Marie are a couple who are planning to purchase a more energy-efficient furnace for their home, and build a deck at their cottage sometime later. To take full advantage of the temporary HRTC, they decide to do both projects in 2009 rather than waiting. They pay \$5,000 for the furnace and \$3,500 for the deck. They also decide to have the area around the deck landscaped for \$2,500, bringing their total costs to \$11,000 (\$5,000 + \$3,500 + \$2,500). Marie claims a credit of \$1,350 on the maximum allowable amount of \$9,000.
- Karen and Heather are sisters who share ownership of a condominium unit. They each incur \$7,500 in expenditures renovating the kitchen in the condo. Karen and Heather each claim a \$975 credit on eligible expenditures of \$6,500 (\$7,500 - \$1,000).

How Can I Get More Information?

Additional information on the Home Renovation Tax Credit will soon be available on Canada Revenue Agency's website at (www.cra.gc.ca).

Information is also available at www.fin.gc.ca

Copies of this brochure are available from the Department of Finance or Service Canada:

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