



Information Bulletin: Federal Government HRTC – The Home Renovation Tax Credit (Page 1 of 2)

The recently announced budget features a very useful tax credit for homeowners, The Home Renovation Tax Credit (HRTC) . See below for the answer to some common questions on how it will apply.

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What types of products, services and expenses are eligible?

Eligible	Ineligible
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Furniture and appliances (refrigerator, stove, couch);• Purchase of tools;• Carpet cleaning; and• Maintenance contracts (furnace cleaning, snow removal, lawn care, pool cleaning, etc.)

When will the HRTC begin and end?

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.

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How does the Home Renovation Tax Credit work?

Canadian homeowners can claim a 15 percent, non-refundable tax credit for eligible expenditures of more than \$1,000, but not more than \$10,000 – for a maximum credit of \$1,350 (\$9000 x 15%). Based on information currently available, it appears the HRTC applies to 'do it for me' and 'do it yourself' projects, and may be claimed in addition to support from the existing ecoENERGY retrofit program and the medical expense tax credit.

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

Examples:

- 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, rather than waiting, incurring \$10,000 in expenditures this year. 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.
- 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).

Who is eligible to participate, and what are the conditions?

Family members (spouses or common-law partners and their children under 18) are subject to a single limit based on their pooled expenditures. The credit is only available for a dwelling that is eligible to be the family's principal residence or that of one or more of their other family members.

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.

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-arc.gc.ca

Information is also available at Department of Finance Canada at www.fin.gc.ca