

WAYNE HUGHES CHARTERED ACCOUNTANT

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HOME RENOVATION TAX CREDIT

The Federal Government is allowing a home renovation tax credit for 2009 Personal Tax Returns as follows:

Maximum Amount of Expenses	10,000
Less: Amount not eligible	<u>1,000</u>
Amount eligible for HRTC	<u>9,000</u>

Tax Credit is $15\% \times 9,000 = \$1,350$

The tax credit will reduce your taxes payable by a maximum of \$1,350.

Here are the details related to this new tax credit.

Eligible Period

- The credit is based on eligible expenses for work performed or goods acquired after January 27, 2009 and before February 1, 2010.
- Eligible expenses for goods acquired during this period, even if they are installed after January, 2010, will still qualify.
- If an eligible expense involves work performed by a contractor or third party, and the work is not completed by the end of the eligible period, only the portion that is completed before February 1, 2010 will qualify even if a payment has been made.

Eligibility

- There is only one single credit allowed per family. The claim can be split among eligible family members but the total amount claimed cannot exceed the maximum allowable.

Eligible Dwellings

- An eligible dwelling is a housing unit located in Canada that is eligible to be a principal residence.
- If you own both a house and a cottage, eligible expenses for both properties will be eligible. However, the maximum which can be claimed is \$10,000.
- If you earn business or rental income from part of an eligible dwelling, you can only claim the amount for expenses incurred for the personal-use areas of your dwelling.

Eligible and ineligible expenses

- The expenses are eligible when they are incurred in relation to a renovation or alteration to an eligible dwelling and are of an enduring nature and integral to the dwelling.
- Expenses are not eligible if the goods and services are provided by a person related to you, unless that person is registered for GST/HST.
- Some examples of eligible expenses include:
 - Renovating a kitchen, bathroom or basement
 - Windows and doors
 - New flooring
 - New furnace, woodstove, boiler, fireplace, water heater
 - Central air conditioner
 - Septic systems
 - Wells
 - Electrical wiring in the home (eg. changing from 100 amp to 200 amp service)
 - Solar panels
 - Painting the interior or exterior of a house
 - Building an addition, garage, deck, garden/storage shed, or fence
 - Re-shingling a roof
 - A new driveway or resurfacing a driveway
 - Permanent swimming pools (in ground and above ground)
 - Landscaping
 - Retaining walls
 - Fixtures – blinds, shades, shutters, lights, ceiling fans, etc.
- Some examples of ineligible expenses include:
 - Furniture, household appliances and electronic home-entertainment devices
 - Purchasing of tools
 - Carpet cleaning
 - House cleaning
 - Maintenance contracts (eg. snow removal, lawn care and pool cleaning)
 - Financing costs
 - “Upgrades” to a new home
 - Expenses incurred to the rental and or/business part of an eligible dwelling

Documents Required

- Invoices need to be obtained for all expenditures in case they are requested by Canada Revenue Agency.
- In addition, proof of payment should also be retained.