

HOME RENOVATION TAX CREDIT (HRTC)

To stimulate economic growth and encourage Canadians to invest in improvements to their homes, Budget 2009 introduced a temporary Home Renovation Tax Credit (HRTC). The design elements of the HRTC are described below.

Design of the Credit

Individuals will be able to claim a 15-per-cent non-refundable tax credit for eligible expenditures made in respect of eligible dwellings.

The credit will apply to eligible expenditures in excess of \$1,000, but not more than \$10,000, resulting in a maximum credit of \$1,350 (\$9,000 x 15%).

Eligibility Period

The credit will apply only to the 2009 taxation year. Expenditures for work performed or goods acquired, after January 27, 2009 and before February 1, 2010, will be eligible for the credit. The credit will, however, not be available in respect of expenditures for work performed or goods acquired in that period if the expenditure is made pursuant to an agreement entered into before January 28, 2009. Individuals may claim this credit (including in respect of expenditures made in January 2010) in their 2009 income tax returns.

Eligible Individuals

Eligibility for the HRTC will be family-based. For this purpose, a family will generally be considered to consist of an individual, and where applicable, the individual's spouse or common-law partner, and their children who were, throughout 2009, under the age of 18 years. Family members will be subject to a single limit based on their pooled expenditures.

Eligible Expenditures

- Renovating a kitchen, bathroom or basement
- New carpet or hardwood floors
- Building an addition, garage, deck, garden/storage shed, fence
- Re-shingling a roof
- A new furnace, woodstove, boiler, fireplace, water softener or water heater
- A new driveway or resurfacing a driveway
- Painting of interior or exterior of a house
- Laying new sod
- Swimming pools (Permanent – in ground and above ground)
- Fixtures – lights, fans, etc.
- Associated costs such as permits, professional services, equipment rentals and incidental expenses

Ineligible Expenditures

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