

Cash in on the Home Renovation Tax Credit

If you haven't taken part in a federal government plan that can save big bucks on home renovations, you'd better hurry – the program is scheduled to shut down on February 1, 2010.

Through its Federal Home Renovation Tax Credit, the government is doling out millions of dollars in tax credits to Canadians who undertake a variety of home renovations, including upgraded basements and kitchens, new windows and new security systems.

Canada's Economic Action Plan estimates 4.6 million families will take part in the program and reap tax relief of \$3 billion, says Canada Revenue Agency spokesperson Philippe Brideau.

Announced in the Jan. 27 federal budget, the tax credit kicks in on expenditures of between \$1,000 and \$10,000. On expenditures incurred before Feb. 1, 2010, homeowners can receive a maximum non-refundable tax credit of \$1,350.

The credit is calculated on your income tax return rather than being paid out via a separate cheque, says Brideau.

“The government realizes that 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,” he says.

Eligible expenses include renovating a kitchen, bathroom, or basement, windows and doors, new carpet or hardwood floors, a new furnace, boiler, woodstove, fireplace, water softener, water heater, or oil tank, permanent home ventilation systems, a central air conditioner, septic systems, wells, electrical home wiring, such as changing from 100 amp to 200 amp service, home security systems (monthly fees do not qualify), solar panels and solar panel trackers, painting the interior or exterior of a house, building an addition, garage, deck, garden/storage shed, or fence, re-shingling a roof and a new driveway or resurfacing a driveway.

Examples of ineligible expenses are furniture, appliances, and audio and visual electronics, purchasing of tools, carpet cleaning, house cleaning, maintenance contracts for furnace cleaning, snow removal, lawn care, and pool cleaning and financing costs.

Eligible expenses for goods acquired during the period Jan. 27, 2009 to Feb. 1, 2010 will still qualify even if they are installed after January 2010. If an eligible expense involves work that is not completed by the end of the eligible period, only the portion of work performed before Feb. 1, 2010 will qualify.

To claim the credit, homeowners must fill out a new schedule in their 2009 tax package to allow them to list their eligible expenses and to calculate the amount they can claim. Also, a new line will be added to Schedule 1 to claim the HRTC. People filing a paper return should not include receipts or documents supporting their claim but should keep them in case CRA asks to see them.

Eligible dwellings are housing units located in Canada that are owned alone or jointly with another person at the time of the renovation or alteration. A person, his or her current or former spouse, or current or former common-law partner, must have inhabited the housing unit during the eligible period.

More information regarding the HRTC can be found at: www.gc.ca/hrtc

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