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Home Renovation Tax Credit

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1. What is the Home Renovation Tax Credit (HRTC)?

The proposed HRTC is a non-refundable tax credit for work performed or goods acquired in respect of an eligible dwelling.

2. What is meant by eligible dwelling?

An eligible dwelling is a housing unit that is eligible to be an individual's principal residence or that of one or more of their family members, at any time between January 27, 2009 and February 1, 2010. In general, a housing unit is considered eligible to be an individual's principal residence where it is owned by the individual and ordinarily inhabited by the individual, the individual's spouse or common-law partner, or their children. This means that any dwelling that you own and use personally could qualify, including your home or your cottage.

3. What is the eligibility period?

The credit will be based on eligible expenditures for work performed or goods acquired after January 27, 2009, and before February 1, 2010. Expenditures incurred pursuant to an agreement that was entered into before January 28, 2009, will not be eligible for the credit.

4. Who will be eligible for the credit?

Eligibility for the HRTC will be family based. A family will generally be considered to consist of an individual or an individual and his or her spouse or common-law partner, including children who will be under 18 years of age, at the end of 2009. A family will be allowed a single credit that may be shared within the family.

If two or more families share the ownership of an eligible dwelling, each family will be eligible for their own separate credit (i.e. each up to \$1,350) that will be calculated on their respective eligible expenditures.

5. How will the credit be calculated?

The credit will only be available for the 2009 tax year and applies to eligible expenditures of more than \$1,000, but not more than \$10,000, resulting in a maximum credit of \$1,350 (\$9,000 x 15%).

6. What are eligible expenditures?

To be eligible, expenditures incurred in relation to a renovation or alteration to an eligible dwelling (or the land that forms part of the eligible dwelling) must be of an enduring nature and integral to the dwelling, and includes the cost of labour and professional services, building materials, fixtures, rentals, and permits.

Eligible expenditures must be supported by acceptable documentation.

7. What does the CRA consider to be acceptable documentation?

Documentation, such as agreements, invoices, and receipts, must clearly identify the type and quantity of goods purchased or services provided, including, but not limited to, the following information:

- information that clearly identifies the vendor/contractor, their business address and, if applicable, the GST/HST registration number;
- a description of the goods and the date when the goods were purchased;
- The date when the goods were delivered (keep your delivery slip as proof) and/or when the work or services were performed;
- A description of the work performed including the address where the work was performed;
- the amount of the invoice; and
- proof of payment. Receipts or invoices must indicate paid in full or be accompanied by other proof of payment, such as a credit card slip or cancelled cheque.

Please consult our [Underground Economy](#) Web page, for tips to protect yourself when hiring a contractor.

To verify whether someone is registered for GST/HST, please consult the [GST/HST Registry](#).

8. If I own both a house and a cottage and incur eligible expenditures for both, are both sets of expenditures eligible for the HRTC?

If you own and use your home and cottage personally, eligible expenditures incurred for both properties will normally qualify for the HRTC. Please note that the maximum amount of eligible expenditures you can claim in respect of the HRTC is \$10,000 per family.

9. I am planning to replace my windows in 2009: can I hire my brother-in-law to help me out and still be eligible?

It depends. Expenditures will not be eligible if the related goods or services are provided by a person not dealing at arm's length with the individual, unless that person is registered for the Goods and Services Tax/Harmonized Sales Tax under the *Excise Tax Act*. So, in your case, if your brother-in-law is registered for GST/HST and if all other conditions are met, the expenditure will be eligible for the credit.

10. Will expenditures for the common areas of condominiums and co-operative housing corporations qualify for the credit?

In the case of condominiums and co-operative housing corporations, the individual's share of the cost of eligible expenditures for common areas will qualify.

11. I rent out my basement. If I renovate the basement for my tenant, will I be allowed to claim the credit?

No. Individuals who earn business or rental income from part of their principal residence will be allowed to claim the credit only for expenditures made for the personal-use areas of the residence.

For expenditures made for common areas or that benefit the housing unit as a whole (such as re-shingling a roof), you must divide the expense between personal use and income-earning use. For further information, please consult the [Business and Professional Income Guide](#) or the [Rental Income Guide](#), as applicable.

12. If an eligible expenditure also qualifies for the Medical Expense Tax Credit (METC), will I be allowed to claim both the HRTC and METC?

Yes. Where an eligible expenditure qualifies for the METC the individual will be permitted to claim both the METC and the HRTC for that expenditure.

13. Will the credit be reduced by other government grants or credits that I may receive for the same expenditures?

No. Eligible expenditures will not be reduced by other government tax credits or grants that the individual may be entitled to.

14. Does work performed by electricians, plumbers, carpenters, architects, etc. qualify?

Generally, work performed by electricians, plumbers, carpenters, architects, etc. in respect of an eligible expenditure will qualify. See below for examples of eligible expenditures. If you're planning on hiring a contractor to do construction, renovation, or repair work on your home, the [Get it in Writing!](#) Web site has information that will help you.

15. Could you provide me with some examples of eligible and ineligible expenditures?

Yes, some examples are:

| Eligible | Ineligible |
|---|--|
| <ul style="list-style-type: none"> ● 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 | <ul style="list-style-type: none"> ● Furniture, appliances, and audio and visual electronics ● Purchasing of tools ● Cleaning carpets ● House cleaning ● Maintenance contracts (e.g. furnace cleaning, snow removal, lawn care, |

- | | |
|---|---|
| <ul style="list-style-type: none">● A new driveway or resurfacing a driveway● Painting of interior or exterior of a house● Window coverings directly attached to the window frame and whose removal would alter the nature of the dwelling● 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. | <ul style="list-style-type: none">● Financing costs |
|---|---|

16. What types of expenditures will not qualify?

The following expenditures will not be eligible for the HRTC:

- the cost of routine repairs and maintenance normally performed on an annual or more frequent basis;
- expenditures that are not integral to the dwelling, and other indirect expenditures that retain a value independent of the renovation;
- expenditures for appliances and audio-visual electronics; and
- financing costs.

17. Do I have to submit any supporting documents with my income tax return?

No. However, you must ensure that this information is available, should it be requested by the CRA.

18. How will I claim the HRTC?

A new line will be incorporated in the 2009 personal income tax return to allow you to claim the credit.

19. Where can I get more information about this new tax credit?

Additional information will be posted on the CRA's Web site as it becomes available. In the meantime, please see the [Department of Finance's Budget 2009 documents](#) for details.

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