

The Home Renovation Tax Credit



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How It Works

The Government's 2009 federal budget proposes a temporary **15% Home Renovation Tax Credit (HRTC)** to provide incentive for Canadians to undertake renovation projects or accelerate planned future projects. The purchase and installation of windows and doors are eligible home renovation expenditures under this program. Replacing your windows could also result in energy consumption reduction and savings on your energy bills.

To be eligible, you must purchase your windows & doors **after January 27, 2009** and **before February 1, 2010**. Only the agreements signed after January 27, 2009 will be considered valid.

The **15% credit** may be claimed on the portion of eligible expenditures between \$1,000 and \$10,000, and will provide a **maximum of \$1,350** ($\$9,000 \times 15\%$) in tax relief.

You must keep all receipts for expenditures and claim the HRTC when filing your income tax returns for 2009. The tax credit is valid for work performed or goods acquired for a person's principal residence or that of their family members. Houses, cottages and condominium units are included. Building permits, professional services and equipment rentals are included in the eligible expenditures.

If two or more families share the ownership, each family will be eligible for their own separate credit (i.e. each up to \$1,350).

Individuals who earn rental income from part of their principal residence will only be allowed to claim the credit for the expenditures made for the personal-use areas of the residence.

For more information, visit Canada's Economic Action Plan website at the following address:
<http://www.budget.gc.ca/2009/>

Sources: Canada's Economic Action Plan Budget 2009 <<http://www.budget.gc.ca/2009/>> and Canada Revenue Agency <<http://cra-arc.gc.ca/>>

Please consult your tax advisor for more details on the eligible purchases.

Example



You planned to change your windows in 2010 but now that you know about the temporary HRTC, you decide to replace your old windows to improve the insulation of your home this year. The cost to change your windows comes to \$6,500*. With the minimum \$1,000 threshold, a 15% credit will be available on \$5,500, providing a **tax credit of \$825.00**. That's great savings! And think of the savings on your energy bills!!!

*Price may vary