



Information Bulletin: Federal Government HRTC Home Renovation Tax Credit

The recently announced budget features a very useful tax credit for homeowners, The Home Renovation Tax Credit (HRTC). See below for the answer to some common questions on how it will apply.

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Home renovations are smart investments in the long term value of home and also create economic activity by increasing the demand for labour, building materials and other goods. Renovations can also reduce energy consumption and the long-term cost of owning a home.

What type of products, services, and expenses are eligible?

| <u>ELIGIBLE</u> | <u>INELIGIBLE</u> |
|---|---|
| <ul style="list-style-type: none">▪ Renovating a kitchen, bathroom or basement▪ New flooring▪ Building an addition, deck, fence or retaining wall▪ A new furnace or water heater▪ Painting the interior or exterior of a house▪ Laying new sod▪ Labour costs; | <ul style="list-style-type: none">▪ Furniture and appliances (refrigerator, stove, couch)▪ Purchase of tools▪ Carpet cleaning▪ Maintenance contracts (furnace cleaning, snow removal, lawn care, pool cleaning, etc) |

When will HRTC begin and end?

The HRTC will apply to eligible home renovations expenditures for work performed, or goods acquired, after January 27, 2009 and before February 1 2010, pursuant to agreements entered into after January 27, 2009. The temporary nature of the credit will provide and immediate incentive for Canadians to undertake new renovations or accelerate planned projects.

The HRTC can be claimed for renovations and enduring alterations to a dwelling, or the land on which it sits.

How does the Home Renovation Tax Credit Work?

Canadian homeowners can claim a 15 percent, non-refundable tax credit on the portion of eligible expenditures exceeding \$1000, but not more than \$10,000 – for a maximum credit of \$1,350 (\$9,000 x 15%)

The credit can be claimed on portion of eligible expenditures incurred on one or more of an individual's eligible dwellings. Properties eligible for the HRTC include houses, cottages and condominium units that are owned for personal use.

Renovation costs for projects such as finishing a basement or re-modeling a kitchen will be eligible for the credit, along with associated expenses such as building permits, professional services, equipment rentals and incidental expenses.

Examples:

- Sally and Ed are a couple who have recently purchased a house. In response to the temporary HRTC, they decide to replace the flooring in their home in 2009, rather than waiting, incurring \$10,000 in expenditures this year. After taking into account the \$1,000 minimum threshold, a 15-per-cent credit will be available on \$9,000 in eligible expenditures, providing tax relief of \$1,350.
- Karen and Heather are sisters who share ownership of a condominium unit. They each incur \$7,500 in expenditures renovating the kitchen in the condo. Karen and Heather each claim a \$975 credit on eligible expenditures of \$6,500 (\$7,500 - \$1,000)

Who is eligible to participate, and what are the conditions?

Taxpayers can claim the HRTC when filing their 2009 tax return. Eligibility for the HRTC will be family-based. For the purpose of the credit, a family is generally considered to consist of an individual, and where applicable, the individual's spouse or common law partner.

Family members will be able to share the credit.

What should consumers do?

Begin to save your receipts for any home improvement project that you are currently working on that qualify for the tax credit.

How Can I Get More Information?

Additional information on the Home Renovation Tax Credit will soon be available on Canada Revenue Agency's website at (www.cra-arc.gc.ca)

Information is also available at www.fin.gc.ca

***Until June 30, 2009 Contemporary Bathrooms Ltd. will include a 5% pricing discount on the portion of eligible expenditures exceeding \$1000, but not more than \$10,000 – for an immediate maximum bonus discount of \$450 (\$9,000 x 5%)**

*FULL PAYMENT REQUIRED FOR SUPPLY ONLY ORDERS BEFORE THIS DATE

*30% DEPOSIT REQUIRED BY THIS DATE FOR SUPPLY AND INSTALLATION ORDERS