

Line 368 – Home renovation Expenses

Under proposed changes, you can claim an amount for eligible expenses incurred for work performed or goods acquired **after January 27, 2009, and before February 1, 2010**, under an agreement entered into after January 27, 2009, related to an eligible dwelling.

The amount can only be claimed on your **2009 tax return** and applies to the total eligible expenses of more than \$1,000, but not more than \$10,000.

The **expenses are eligible** when they are incurred in relation to a renovation or alteration to an eligible dwelling (including the land that forms part of the eligible dwelling) and are of an enduring nature and integral to the dwelling.

Eligible expenses include the cost of labour and professional services, building materials, fixtures, equipment rentals, and permits. See page 37 for examples of eligible expenses.

Eligible dwelling

An **eligible dwelling** of an individual is a housing unit located in Canada. **All** the following conditions must be met:

- you own at the time of the renovation or alteration, alone or jointly with another person, the housing unit or share of the capital stock of a co-operative housing corporation you acquired solely to get the right to inhabit the housing unit owned by that corporation; and
- you, your current or former spouse, or your current or former common-law partner, or any of your or your spouse or common-law partner's children ordinarily inhabited the housing unit at any time during the eligible period.

Generally, land of $\frac{1}{2}$ hectare (1.24 acres), including the land upon which your housing unit stands and any portion of the adjoining land, will be considered as part of your eligible dwelling.

If during the eligibility period you sold and purchased an eligible dwelling, eligible expenses that you incurred for both dwellings will normally be eligible for the home renovation tax credit (HRTC). However, the maximum amount of eligible expenses you can claim for the HRTC is \$10,000.

If you own, alone or jointly with another person, both a house and a cottage and if you, your current or former spouse or your current or former common-law partner or any of your or your spouse or common-law part-

ner's children ordinarily inhabited each property at any time during the eligible period, eligible expenses incurred for both properties will generally be eligible for the HRTC.

However, the maximum amount of eligible expenses you can claim for the HRTC is \$10,000.

Claiming home renovation expenses

The claim for eligible expenses is **family-based**. Eligible family members include you and your spouse or **www.cra.gc.ca 37** common-law partner and your or your spouse's or common-law partner's children who are under 18 years of age at the end of 2009 (other than a child who, at any time during the eligibility period—after January 27, 2009, and before February 1, 2010—was married, was in a common-law relationship, or had a child).

The claim can be split among eligible family members, but the total amount claimed cannot exceed the maximum allowable.

Example

Chris and Sue bought an energy-efficient furnace in March 2009. They paid \$9,500 for the furnace and installation. They will calculate the maximum amount of their home renovation expenses as follows:

Total eligible expenses (maximum \$10,000) \$ 9,500
Base amount – \$ 1,000

Home renovation expenses = \$ 8,500

Either Chris or Sue can claim the entire amount of \$8,500 on line 368 or they can each claim a portion of the expenses, provided the total amount claimed does not exceed \$8,500.

In this case, if Chris claims \$3,500 on line 368, Sue can claim \$5,000 on line 368 of her 2009 return. If **two or more families share the ownership** of an eligible dwelling, each family can claim its own amount that is calculated on its respective eligible expenses.

Example

John Orr and his brother, Dave Orr, jointly own a cottage.

John paid \$11,000 and Dave paid \$9,000 to renovate the bathroom and the kitchen in May 2009. They will each calculate the maximum amount of their home renovation expenses as follows:

John

Total eligible expenses (maximum \$ 10,000) \$ 10,000
Base amount – \$ 1,000

Home renovation expenses = \$ 9,000

Dave

Total eligible expenses (maximum \$ 10,000) \$ 9,000
Base amount – \$ 1,000

Home renovation expenses = \$ 8,000

John can claim \$9,000 and Dave can claim \$8,000 on

line 368
of their 2009 returns.

Condominiums and co-operative housing Corporations

For condominiums and co-operative housing corporations (or, for civil law, a syndicate of co-owners), your share of the cost of eligible expenses for common areas qualifies for the HRTC if **all** the following conditions are met:

- the condominium or co-operative housing unit is your or an eligible family member's eligible dwelling;
- the expenses would be qualifying expenditures if the common areas were treated as an eligible dwelling; and
- the corporation has notified you in writing of your share of the expenses.

Government tax credits or grants

Eligible expenses are not reduced by government tax credits or grants to which you may be entitled. For example, if you qualify for and take advantage of a grant under the ecoENERGY – Retrofit Homes program, you can receive the grant **and** claim the home renovation expense amount for the same expense. For more information, visit the **ecoACTION** Website.

Vendor rebates or incentives

Eligible expenses are not generally reduced by reasonable rebates or incentives offered by the vendor or manufacturer of goods or the provider of the service. For example, a promotion that provides 10% cash back in the form of a gift card based on purchases made from a particular vendor or manufacturer of goods or a service would be acceptable and would not reduce the expenditures.

Rental and/or business use of part of an eligible dwelling

If you earn rental or business income from part of your eligible dwelling, you can only claim the amount for expenses incurred for the personal-use areas of your dwelling. For expenses incurred for common areas or that benefit the housing unit as a whole (such as re-shingling a roof), divide the expense between personal use and income-earning use and claim the personal-use portion.

Examples of eligible expenses

Generally, in addition to projects you do yourself, work performed by electricians, plumbers, carpenters, architects, etc. in respect of an eligible expense qualifies for the HRTC.

The following items are examples of eligible ex-

penses:

- renovating a kitchen, bathroom, or basement;
- windows and doors;
- new flooring – carpet, linoleum, hardwood, floating laminate etc.;
- new furnace, boiler, woodstove, fireplace, water softener, water heater, or oil tank;
- permanent home ventilation systems;
- central air conditioner;
- permanent reverse osmosis systems;
- septic systems;
- wells;
- electrical wiring in the home (e.g., changing from 100 amp to 200 amp service);
- home security system (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;
- a new driveway or resurfacing a driveway;
- exterior shutters and awnings;
- permanent swimming pools (in ground and above ground);
- permanent hot tub and installation costs;
- pool liners;
- solar heaters and heat pumps for pools (does not include solar blankets);
- landscaping: new sod, perennial shrubs and flowers, trees, large rocks, permanent garden lighting, permanent water fountain, permanent ponds, large permanent garden ornaments;
- retaining wall;
- associated costs such as installation, permits, professional services, equipment rentals, and incidental expenses; and
- fixtures – blinds, shades, shutters, lights, ceiling fans, etc.

Notes

If an eligible expense qualifies for medical expense amounts, you can claim both the medical expenses and the HRTC for that expenditure. For more information, see lines 330 and 331.

Window coverings, such as blinds, shutters and shades, that are directly attached to the window frame and whose removal would alter the nature of the dwelling are generally considered to be fixtures (i.e., have become part of the home) and therefore would qualify for the HRTC. In some circumstances, draperies and curtains may qualify for the HRTC, if they would not keep their value or usefulness if installed in another dwelling. If these qualifying criteria are not met, it is likely that draperies and curtains would not qualify for the HRTC.

Examples of ineligible expenses

The following items are examples of **ineligible** ex-

penses:

- furniture, household appliances, and electronic home-entertainment devices;
- purchasing of tools;
- carpet cleaning;
- house cleaning;
- maintenance contracts (e.g., furnace cleaning, snow removal, lawn care, and pool cleaning);
- financing costs;
- amounts paid as part of the purchase of a new house, including “upgrades”; and
- expenses to acquire goods that have been previously used or leased by you or an eligible family member.

Note

Expenses are not eligible if the goods or services are provided by a person related to you, unless that person is registered for the Goods and Services Tax/Harmonized Sales Tax under the *Excise Tax Act*. If your family member is registered for GST/HST and if all other conditions are met, the expenses are eligible for the HRTC.

Supporting documents

Eligible expenses **must be supported** by acceptable documentation, such as agreements, invoices, and receipts, and 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;
- proof of payment (receipts and invoices) – invoices must indicate “paid” or be accompanied by other proof of payment, such as a credit card slip or cancelled cheques; and
- a statement from the co-operative housing corporation or condominium corporation (or, for civil law, a syndicate of co-owners) signed by an authorized individual. This statement should identify:
 - the amounts incurred for the renovation or alteration work;
 - as a condominium owner, your portion of these expenses if the work is performed on common areas of the condominium;
 - information that clearly identifies the vendor/contractor, their business address and, if applicable, their GST/HST registration number; and

– a description of the work performed and the dates when the work or services were performed.

For more information, go to **Home renovation expenses** on our Web site (see page 61).

How to claim

Complete Schedule 12 to claim your eligible home renovation expenses and **attach** it to your paper return.

Enter the amount from line 7 of your Schedule 12 on line 368 of your 2009 Schedule 1.

Receipts – If you are filing a paper return, do not include your receipts, but keep them in case we ask to see them. If you are filing electronically, keep all of your documents.

The above information is copied from:
General Information Tax and Benefit Guide-
2009, Published by Canada Revenue Agency.

For more information
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