



Fact Sheet

Home Renovation Tax Credit (HRTC)

What is the HRTC?

Under proposed changes, the HRTC is a **non-refundable** tax credit based on eligible expenditures 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. The HRTC can be claimed when filing your 2009 tax return.

The HRTC can be claimed for renovations and alterations of an enduring nature and that are integral to the eligible dwelling (such as your home or cottage) or the land that forms part of the eligible dwelling.

How is the HRTC calculated?

The 15% non-refundable tax credit can be claimed on eligible expenditures of more than \$1,000 but not more than \$10,000. The maximum tax credit that can be claimed to reduce your federal income tax is \$1,350. However, if the total of your non-refundable tax credits is more than your federal income tax, you have no federal income tax to pay, and you will not receive a refund for the HRTC.

Example

William and his spouse Marie pay \$5,000 to purchase an energy-efficient furnace for their home and \$3,500 to build a deck at their cottage. They also decide to have the area around the deck landscaped for \$2,500, bringing their total costs to \$11,000 (\$5,000 + \$3,500 + \$2,500). Marie claims expenses of \$9,000 (\$10,000 – \$1,000), resulting in an HRTC of \$1,350.

William and Marie may also be eligible for the ecoENERGY Retrofit – Homes grant. For more information about the ecoENERGY program, visit www.ecoaction.gc.ca.

Important things to remember

You do not have to submit your supporting documents with your income tax and benefit return; however, you must ensure this information is available should the Canada Revenue Agency request it.

To avoid problems with your HRTC claim, make sure you:

- get your contracts in writing; and
- keep your receipts.

Eligible expenses must be of an enduring nature and be integral to the eligible dwelling. The cost of routine repairs, maintenance, and expenditures not integral to the dwelling are not eligible.

Examples of eligible expenses

- Renovating a kitchen, bathroom, or basement
- New carpet or hardwood floors
- Building an addition, garage, deck, garden/storage shed, or fence
- Re-shingling a roof
- A new furnace, woodstove, boiler, fireplace, water softener, or water heater
- A new driveway or resurfacing a driveway
- Painting the 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 (e.g., lights, fans, etc.)
- Associated costs such as permits, professional services, equipment rentals, and incidental expenses

Examples of ineligible expenses

- Furniture, appliances, and audio and visual electronics
- Purchasing of tools
- Carpet cleaning
- House cleaning
- Maintenance contracts (e.g., furnace cleaning, snow removal, lawn care, and pool cleaning)
- Financing costs

Where can I get more information?

For more information, go to www.cra.gc.ca/hrtc or www.hiringacontractor.com, or call us at 1-800-959-8281.