

Renovating Your Home

WAYS TO SAVE MONEY

Renovating your home not only adds value but it also makes your home more functional and comfortable. In some cases, renovating your home can even save you money in the short-term and long-term.

If you have been thinking about renovating your home for some time, now is the time to do so. Both the federal and provincial governments have put incentives and tax credits in place for investing in your property.

In the 2009 Federal Budget, the Government of Canada introduced the Home Renovations Tax Credit program (HRTC). Homeowners who spend up to \$10 000 on home improvements and renovations, after January 27, 2009 and prior to February 1, 2010, will be entitled to receive a 15% tax credit on some of the costs. Therefore, the maximum tax credit that you can receive is \$1 350 (the first thousand dollars you spend doesn't count). It roughly works out to not paying GST and PST on the product or work done.

The HRTC is limited to one credit per family. This is different from the Home Buyers' Plan, where each spouse can withdraw up to \$25 000 from their RRSP to put towards a down payment on a first house. The HRTC can be claimed for work done at more than one residence you own; however, the maximum any family can get back is \$1 350. Properties eligible for the HRTC include houses, cottages, and condominium units that are owned for personal use.

The HRTC can be claimed for most renovations to your home or property that are permanent in nature. Some of the eligible and non-eligible expenses include:

INELIGIBLE EXPENSES

- Furniture, appliances, and audio and visual electronics
- Carpet cleaning
- House cleaning
- Maintenance contracts (e.g., furnace cleaning, snow removal, lawn care, and pool cleaning)
- Curtains and draperies

ELIGIBLE EXPENSES

- Kitchen, bathroom, or basement renovations
- Windows and doors
- New carpet or hardwood floors
- New furnace, fireplace, water heater, or oil tank
- Home ventilation systems
- Central air conditioner
- Fixtures - blinds, shades, lights, fans, etc.
- Home Security System
- Painting interior or exterior of a house
- Building an addition, garage, deck, garden/storage shed, or fence
- Roof re-shingling
- New driveway or resurfacing a driveway
- Landscaping (e.g., new sod, perennial shrubs and flowers, trees, large rocks, permanent ponds).
- Associated costs such as installation, permits, professional services, equipment rentals, and incidental expenses



BUNDLE YOUR SAVINGS



There are some other government rebates available that can be bundled with the HRTC. The Government of Canada's ecoENERGY Home Retrofit allows homeowners to improve the energy efficiency of their home. This program gives up to \$5 000 in grants for improvements to heating, cooling, insulation, ventilation, and water conservation.

To be eligible for an ecoENERGY Retrofit Homes grant, you must first have a pre-retrofit evaluation (detailed energy assessment of your home).

Several provinces (like Ontario and Saskatchewan) will match the \$5 000 ecoEnergy Home Retrofit grant. For more information on who is eligible and what is being offered in different provinces, please visit: <http://oee.nrcan.gc.ca/corporate/retrofit-summary.cfm>

You can take advantage of both the programs. The grants paid through the ecoENERGY Retrofit Homes program will not reduce the value of claims made for the expenses under the HRTC.

While all these incentives can be a motivating factor for you to do some renovations that you have been planning, it is equally important to be careful about your expenses associated with home renovations. Here are some tips to help you save time and money in your renovation project.

FOR MORE INFORMATION & IDEAS:

Home Renovation Tax Credit (HRTC).....www.cra-arc.gc.ca/tx/ndvdl/sgmnts/hmwnr/hrtc/menu-eng.html

Canadian Mortgage and Housing Corporation.....www.cmhc-schl.gc.ca/en/co/renoho/refash/refash_009.cfm

Ontario Home Builders' Association.....www.ohba.ca

Department of Finance Canada.....www.budget.gc.ca/2009/pamphlet-depliant/pamphlet-depliant3-eng.asp

KEY REFERENCES:

Canada Revenue Agency (2009). Home Renovation Tax Credit (HRTC). Retrieved June 25, 2009 from <http://www.cra-arc.gc.ca/tx/ndvdl/sgmnts/hmwnr/hrtc/menu-eng.html>
Natural Resources Canada (2009). ecoENERGY Retrofit Grants and Incentives. Retrieved June 30, 2009 from <http://oee.nrcan.gc.ca/corporate/retrofit-summary.cfm>

KNOW WHAT YOU WANT

Make a list of things that you want to do as part of your renovation project. This will help to determine the length of time required to do the renovation work as well as your budget.

HAVE YOUR FINANCES IN ORDER

Although the HRTC will give you a tax break in the future, make sure you have money available now to pay for the renovation work.

DO YOUR RESEARCH

Contact your local Better Business Bureau (BBB) or talk to family and friends to find out about different contractors in your area.

GET AN IDEA OF THE COST

Get an estimate and detailed breakdown of the work to be completed, the costs, and the time the contractor thinks it will take to complete the renovations.

CHOOSE YOUR CONTACTOR AND SIGN A CONTRACT

Consider all estimates carefully and try to get the best deal possible. Once you have agreed with all the contents of the estimate and have chosen your contractor, sign the contract.

MONITOR THE WORK AND KEEP TRACK OF ANY PROBLEMS OR ISSUES

It is good practice to keep an eye on the progress of work. If you have any concerns, talk to your contractor before you make the final payment.

REMEMBER THE DATES, DOCUMENTS, AND DEADLINE

To be eligible for the HRTC, your home renovations must be made after January 27, 2009 and before February 1, 2010. Keep all supporting receipts and documents for the renovation project. Remember the HRTC can only be claimed on your 2009 income tax returns.

Careful advance planning is the key to successful home renovations