

Home Renovation Tax Credit

This summary has been prepared for co-op members who are thinking about claiming the Home Renovation Tax Credit (HRTC) in their 2009 federal income tax return.

What is the HRTC?

In January 2009 the federal government included the HRTC in the budget as part of its economic stimulus package. The credit is available only to individuals when they file their 2009 income tax returns. It applies only to the 2009 tax year.

The maximum credit available is \$1,350. It is calculated at 15% of the amount spent on a renovation in excess of \$1,000 to a maximum of \$10,000. There is only one credit available per family.

Can housing co-op members claim the HRTC?

In recent correspondence, Canada Revenue Agency (CRA) appears to be suggesting that housing co-op members are eligible to claim the HRTC. CRA has not provided a formal ruling on a specific transaction or claim, so there is no guarantee that a claim will be accepted, but the response to date has been positive.

What expenses are eligible?

Eligible expenses include significant renovations like new windows, doors, flooring, furnaces, roofs, fixtures, etc. Household appliances and regular maintenance expenditures are not eligible. Refer to the CRA website (link provided below) for more detailed information.

Other criteria

The credit applies for work performed and goods purchased **after January 27, 2009** and **before February 1, 2010**. It does not apply to work done under any agreements or contracts that were entered into before January 28, 2009.

What can co-op members claim?

Co-op members can claim the HRTC for:

1. their own eligible expenses for work done in their homes, and
2. their share of any common area renovations carried out by the co-op that meet the eligibility requirements

CRA has indicated that qualifying expenditures will not be reduced by any government grants received by the co-op.

How should members calculate their share of common area renovations?

Each co-op must make this calculation, but CRA has not specified the formula to be used. If a co-op decides to provide this information to members, it should do so in writing to individuals who were members at the time of the renovation expenditure. Possible options for determining a member's share of expenses include the member's pro rata share of gross housing charges or co-op shares. Only one method can be used, and the co-op must determine the method.

What documentation is needed to support the claim?

The CRA website includes information on the documentation needed to support an HRTC claim.

Factors to consider

Here are some questions for members wondering whether to claim the HRTC and co-ops trying to decide whether it is worth calculating each member's share of eligible common area expenses:

1. Are the expenses eligible?
2. Was the work performed or the goods acquired after January 27, 2009 and before February 1, 2010 under an agreement entered into after January 27, 2009?
3. Was the individual a member at the time of the qualifying expenditure?
4. Does the amount spent by the co-op on qualifying expenditures justify preparing the written notice advising members of their share of those expenses? (Remember, the maximum credit of \$1,350 is not earned until the total expenses allocated to a particular unit reach \$10,000.)

More information

Please refer to the following links for detailed HRTC information on CRA's website:

<http://www.cra-arc.gc.ca/hrtc/>

<http://www.cra-arc.gc.ca/nwsrm/fctshts/2009/m07/fs090713-eng.html>

Consult your auditor if in doubt about how to calculate a member's share of qualifying expenditures or about any other details of the HRTC.

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CHF BC is not responsible for any adverse outcomes that may result from the allocation of expenditures by a housing co-op to its members, nor does CHF BC promise or guarantee that any individual tax claim will be allowed by Canada Revenue Agency.