

The Outlook

THE MORTGAGE CORNER

“Home Renovation Tax Credit”

In January the Federal Government came out with a program to encourage homeowners to do home improvements. The government is providing a non-refundable tax credit for materials and labour used in respect of an eligible principal residence – which may include your cottage.

The eligible amount of expenses must be more than \$1,000, but less than \$10,000. The 15% credit has a maximum of \$1,350. Be sure to keep any documentation and receipts, to show your payments for labour and materials. You won't need to send them in to the government, but you need to be able to provide them if they ask to see them.

What home improvements will be eligible for this tax credit? Some examples would include: kitchen, basement or bathroom renovations, new flooring, shingles, building an addition, deck, fence, garage or storage shed, installing a new furnace, fireplace or water heater, painting, laying sod, or getting a new driveway put in. Basically, anything that is affixed to the home or land and is of an enduring nature.

The types of things that don't qualify for the tax credit would be regular maintenance items, furniture, appliances, tools and cleaning.

Paying a family member to do some renovation labour would only qualify as an eligible expense if that person was registered to do that type of business. The tax credit is not eligible for rental properties.

The time frame to take advantage of this current program is until February 1, 2010. Talk to your mortgage broker today, if you want to extend your renovations beyond the amount eligible for this program. They will tell you if you qualify for renovation financing.

Midwestern Mortgage