Tax tip

Homeowners, don't miss the deadline!

Did you know…

The non-refundable Home Renovation Tax Credit (HRTC) is based on eligible expenses for work performed or goods acquired after January 27, 2009, and before February 1, 2010, in respect of an eligible dwelling, pursuant to an agreement entered into after January 27, 2009.

Canadian homeowners should be aware of the deadline to ensure they are able to claim the non-refundable tax credit of up to $1,350 for their home renovation or alteration. Eligible expenses for goods acquired during this period, even if they are installed after January 2010, will still qualify. If an eligible expense involves work performed by a contractor or a third party, and the work is not completed by the end of the eligible period, only the portion that is completed before February 1, 2010 will qualify even if a payment has been made.

In addition, there is no requirement that homeowners pay the amount in full before the deadline. For example, if you are billed by a contractor for goods acquired and work performed before the deadline and you do not pay the bill until after the deadline, your expenses would still be eligible for the HRTC provided that you met all the other requirements.

Non-refundable tax credit

It is also important to note that the HRTC is non-refundable and will reduce your federal income tax, if you have any. However, if the total of your non-refundable tax credits is more than your federal income tax, you will not receive a refund for the difference.

Supporting documentation

To qualify, the expenses you claim for the HRTC 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, as applicable:

- information that clearly identifies the vendor/contractor, their business address and 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 or invoices must indicate paid or be accompanied by other proof of payment, such as a credit card slip or cancelled cheque; 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 identifying:
    - the amounts incurred for the renovation or the alteration work;
    - as a condominium owner, your portion of these expenses if the work is performed on common areas;
    - 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 on the HRTC and eligible expenditures, visit the Canada Revenue Agency Web site at cra.gc.ca/hrtc or call CRA's individual income tax enquiries service at 1-877-959-1-CRA (1-877-959-1272).