

HOME RENOVATION TAX CREDIT (HRTC)

The Home Renovation Tax Credit applies to eligible expenses of more than \$1,000, but not more than \$10,000, resulting in a maximum non-refundable tax credit of \$1,350 $[(\$10,000 - \$1,000) \times 15\%]$.

You can claim a non-refundable tax credit on your 2009 income tax return. This tax credit is based on eligible expenses incurred for work performed or goods acquired after January 27, 2009 and before February 1, 2010. Only agreements entered into after January 27, 2009 and related to a qualified dwelling are eligible.

Examples of eligible expenses

- Renovating a kitchen, bathroom, or basement
- Windows and doors
- New carpet or hardwood floors
- New furnace, boiler, woodstove, fireplace, water softener, water heater, or oil tank
- Permanent Home ventilation systems
- Central air conditioner
- Permanent reverse osmosis systems
- Septic systems
- Wells
- Electrical wiring in the home (e.g., changing from 100 amp to 200 amp service)
- Home Security System (monthly fees do not qualify)
- Solar panels and solar panel trackers
- Painting the interior or exterior of a house
- Building an addition, garage, deck, garden/storage shed, or fence
- Re-shingling a roof
- A new driveway or resurfacing a driveway
- Exterior shutters and awnings
- Permanent swimming pools (in ground and above ground)
- Permanent hot tub and installation costs
- Pool liners

- Solar heaters and heat pumps for pools (does not include solar blankets)
- Landscaping: new sod, perennial shrubs and flowers, trees, large rocks, permanent garden lighting, permanent water fountain, permanent ponds, large permanent garden ornaments.
- Retaining wall
- Associated costs such as installation, permits, professional services, equipment rentals, and incidental expenses
- Fixtures - blinds, shades, shutters, lights, ceiling fans, etc.
- **Note** Window coverings, such as blinds, shutters and shades, that are directly attached to the window frame and whose removal would alter the nature of the dwelling are generally considered to be fixtures (i.e., has become part of the home) and therefore would qualify for the HRTC. In some circumstances, draperies and curtains may qualify for the HRTC, if they would not keep their value or usefulness if installed in another dwelling. If these qualifying criteria are not met, it is likely that draperies and curtains would not qualify for the HRTC.

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

Generally, work performed by electricians, plumbers, carpenters, architects, etc. in respect of an eligible expense qualifies. If you're planning on hiring a contractor to do construction, renovation, or repair work on your home, the [Get it in Writing!](#) Web site has information that will help you.

Expenses are not eligible if the goods or services are provided by a person related to you, unless that person is registered for the Goods and Services Tax/Harmonized Sales Tax under the *Excise*

Tax Act. If your family member is registered for GST/HST and if all other conditions are met, the expenses are eligible for the HRTC.

An **eligible dwelling** is a housing unit that is eligible to be your principal residence or that of one or more of your family members at any time between January 27, 2009, and February 1, 2010.

In general, a housing unit is considered to be your principal residence when it is owned by you and ordinarily inhabited by you, your spouse or common-law partner, and your children. This means that any dwelling that you own and use personally could qualify, including your home or your cottage.

Example Doug and Viviane are married and plan to renovate the house they own this summer. They expect to have the following expenses during the months of June and July 2009:

- New windows: \$3,000
- Labour - installation of windows (no invoice) : \$1,500
- Carpet cleaning: \$200
- Buying tools: \$500
- New roof: \$3,500
- Interior painting: \$500
- New toilet and tub: \$600
- New deck: \$1,000

To save money, they will do most of the home renovations themselves. Doug's friend Bill will install the windows for them for \$1,500 cash, but he will not provide an invoice.

Bill will be required to report the \$1,500 on his 2009 income tax and benefit return. He may also have to pay goods and services tax/harmonized sales tax. Failure to report income or pay tax owing can result in penalties and prosecution.

The \$200 expense for carpet cleaning and the \$500 expense for tools are not eligible for the home renovation tax credit (HRTC). Although labour costs are generally eligible expenses, because Doug and Viviane cannot substantiate the \$1,500 window installation cost, they will not be able to include this amount.

Therefore, Doug and Viviane will calculate their eligible home renovation expenses as follows:

Eligible expenses	Amount
New windows	\$3,000
New roof	\$2,000
Interior painting	\$1,000
New toilet and tub	\$1,000
New deck	\$600
Total eligible expenses(TEE)	\$7,600
Maximum eligible expenses (lesser of TEE or \$10,000)	\$7,600
Base amount	- \$0
Maximum allowable home renovation expenses	\$7,600

Result

Either Doug or Viviane can claim the total home renovation expenses of \$7,600 or they can split these expenses between them as long as the total amount claimed is not greater than \$7,600. As a result, their maximum HRTC is \$1,140 (\$7,600 x 15%).

Acceptable supporting documentation

Documentation, such as agreements, invoices, and receipts, must clearly identify the type and quantity of goods purchased or services provided, including, but not limited to, the following information:

- information that clearly identifies the vendor/contractor, their business address and, if applicable, 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; and
- 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.

ecoEnergy RETROFIT – HOMES GRANT

The ecoEnergy Retrofit - Homes grant is administered by Natural Resources Canada. The grant applies to host of measures that reduce energy consumption and provide for a cleaner environment. Home and property owners could be eligible for federal grants of up to \$5,000 to offset the cost of making energy efficiency improvements to their home or property. Most provinces and territories have complementary programs that offer additional financial assistance based on the results of the ecoEnergy Retrofit evaluation.

Hire the services of an ENERGY ADVISOR who has been certified by NRCan to perform a detailed, on-site evaluation of your home's energy use from the attic down to the foundation. You will receive a personalized report, including a checklist of recommended retrofits to improve the energy efficiency of your home or MURB and, in some cases, reduce water consumption.

The grant is calculated and based on the grant amounts and eligibility requirements that are in effect at the time of the post-retrofit evaluation. You must complete your retrofits and receive your post-retrofit evaluation by March 31, 2011, or within 18 months from the date of your pre-retrofit evaluation report, whichever comes first and subject to available funding.

Once you have received your post-retrofit evaluation, you can re-enter the program using the evaluation as a baseline if you would like to perform more work within a new 18-month deadline, provided you do not exceed the maximum grant of \$5,000 per dwelling unit.

Eligible for Grant

- You are interested in saving money by improving the energy efficiency of your home.

- Since you must have an energy evaluation conducted to qualify for a grant under the ecoENERGY Retrofit – Homes program, you hire the services of a Natural Resources Canada [certified energy advisor](#) in your area.
- Based on the evaluation report you received from the advisor, you decide which energy upgrades you want to do and determine that you could receive a grant of up to \$3,000. You proceed with your energy retrofits.
- Once you have completed the work, you contact your energy advisor to perform a post-retrofit evaluation to confirm your home's new energy rating and to submit a grant application on your behalf.
- You keep your paperwork, including receipts, to claim expenses that could be eligible under the Government of Canada's temporary [Home Renovation Tax Credit](#).

Within 90 days of your post-retrofit evaluation you receive your ecoENERGY Retrofit – Homes cheque.

You pay \$350 for the first energy assessment. You will receive a \$150 rebate on the cost of your first assessment from the Ontario government's Home Energy Audit program, regardless of whether you make any energy-saving renovations.

First assessment — Your first [ecoENERGY](#) assessment takes approximately 2 to 3 hours to complete. Your certified ecoENERGY advisor will be happy to answer any questions about energy use in your home. The advisor will need access to the entire house, including attic, crawl space, heating and cooling equipment, or any other hard to reach areas.

Grant report — You will receive an ecoENERGY report as part of your ecoENERGY assessment. This report contains recommendations on how to improve the energy efficiency of your home. This comprehensive report includes Canadian [government grant](#) amounts for each recommended change.

Provincial rebates — Remember, the governments of [Ontario](#) and regional and municipal governments in [British Columbia](#) provide rebates to eligible homeowners in addition to the Canadian ecoENERGY grants available from the Government of Canada.

Ontario rebates

Ontario homeowners can choose from a shopping list of combined Canada ecoENERGY grants + Ontario Home Energy rebates:

- **Furnaces** — high-efficiency gas or oil, up to **\$1,580**
- **Central air conditioners** — replacement **\$500**
- **Hot water heaters** — condensing gas **\$750**
- **Hot water heaters** — tankless/instantaneous gas, condensing-type **\$750**
- **Boilers** — high-efficiency gas or oil **\$1,500**
- **HRV** — heat recovery ventilator **\$750**
- **Solar** — hot water system **\$2,500**
- **Heat pumps** — air-source heat pump which doubles as air conditioner **\$1,000**
- **Geothermal** — ground- or water-source heat pumps which are energy-efficient heating and cooling systems up to **\$8,750**
- Ontario homeowners can also get ...
- **Attic or roof** — insulation up to **\$1,500**
- **Exterior wall** — insulation up to **\$3,750**

- **Basement** — insulation up to **\$2,500**
- **Crawl space** — insulation up to **\$2,000**
- **Air sealing** — for your home up to **\$860**
- **Windows & doors** — **\$80** for each replacement unit
- **Toilets** — **\$130** for each replacement unit

Ontario Rebates List — Ontario homeowners can qualify for combined tax-free grant + rebate amounts of up to **\$10,000** from the Governments of Ontario and Canada.

Check out eligible improvements:

<http://www.homeperformance.com/ontario-rebates-toronto-hamilton-london-barrie-orillia>

Here are the steps:

Upgrade your home — After reading your ecoENERGY report you may choose to do all, some, or none of the recommended energy-saving upgrades. You can complete the renovation work yourself or hire a contractor. You should document your renovations with receipts, photos and product literature to be sure you get full credit for all improvements.

Second assessment — To be eligible for Canadian grants and provincial rebates, you need a second, or follow-up, assessment. The cost of a follow-up ecoENERGY assessment is \$195.

Grant cheques — You can expect to receive your Canada ecoENERGY grant cheque within 90 days of your second energy assessment. Your Ontario government rebate cheque will follow,

as will your LiveSmart BC cheque if you entered the program before August 16, 2009.

18 months — To qualify for ecoENERGY grants, you must finish your upgrade work and complete your second assessment within 18 months of the date of your first assessment.

If I apply for the Home Renovation Tax Credit (HRTC) will I automatically get the ecoENERGY Retrofit – Homes grant?

To participate in the ecoENERGY Retrofit – Homes program you must first obtain an energy evaluation from a Natural Resources Canada-certified energy advisor. You must get this assessment prior to completing any work which would be eligible for a tax credit and you must perform the improvement according to the criteria set within the ecoENERGY Retrofit – Homes. For example, replacing your furnace with a 90% AFUE furnace will be eligible for the HRTC but not the ecoENERGY Retrofit – Homes grant, similarly, increasing the insulation in your attic to R-40 will be eligible for the HRTC but not the ecoENERGY Retrofit – Homes grant where a target of reaching 50 percent is required.