

# A blueprint for building your HRTC claim

Normally, this column is about how to build your trucking business. This time, I want to talk about your home. By now you've probably seen commercials from every retailer remotely connected to home improvements encouraging you to spend your money because of the Home Renovation Tax Credit (HRTC). The credit, a maximum of \$1,350, is available only for the 2009 tax year – a one-time deal – and applies to eligible expenditures related to repairs or improvements to your home.

We all love tax credits, and pretty much everyone I know is dreaming of a bathroom or kitchen reno. But qualifying for the HRTC takes some planning and an understanding of what kinds of expenses are eligible.

## What qualifies?

By definition, qualifying expenditures must be incurred in relation to a renovation or alteration to an eligible dwelling, and they must be of an enduring nature and integral to the dwelling. So, generally, work performed by electricians, plumbers, carpenters, architects, etc. will qualify. Fixing your roof? It's probably eligible. Landscaping the yard? Probably not.

There's a time limit – the work performed or materials acquired must take place after Jan. 27, 2009, and before Feb. 1, 2010. Total qualifying expenditures during that pe-

## Tax Talk

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riod can be more than \$1,000 but not more than \$10,000, resulting in a maximum credit of \$1,350 (\$9,000 x 15%) as a possible claim on your 2009 tax return.

## Get organized

It pays to have a blueprint as you build a solid HRTC claim. Here are some tips to help you get organized.

**Keep these documents:** Contracts, invoices, and receipts related to the cost of labour and professional services, building materials, fixtures, rentals, and permits.

**Make sure they identify the following:**

- The vendor/contractor's name, address, and, if applicable, the GST/HST registration number;
- The type and quantity of goods purchased or services provided;
- 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 in

full" or be accompanied by other proof of payment, such as a credit card slip or cancelled cheque).

**Account for the home office or shop:** If you earn business or rental income from part of your principle residence, you can claim the credit only for expenditures made for the personal use areas of the residence. For expenditures made for common areas or that benefit the housing unit as a whole (such as re-shingling a roof), you must divide the expense between personal use and income-earning use.

**Eligibility is family-based:** A family is allowed a single credit that may be claimed on either spouse's return. If two or more families share ownership of a home, each family will be eligible for its own separate credit (ie. each up to \$1,350) that will be calculated on their respective eligible expenditures.

If you own and use your home and cottage personally, eligible expenditures incurred for both properties will normally qualify for the HRTC. Again, the maximum amount of eligible expenditures you can claim in respect of the HRTC is \$10,000 per family.

**What's not eligible:** Routine maintenance, appliances, audio-visual electronics, financing costs, and structures used for business (like your shop or garage) are not eligible (expenditures must be of an enduring nature and integral to

the dwelling).

**No favours or cash deals:** It's great that your brother-in-law will help you upgrade your wiring, and it's nice of you to pay him for his trouble. But unless you get a receipt, and your brother-in-law is registered for the Goods and Services Tax/Harmonized Sales Tax, your expense won't qualify. Furthermore, if you pay someone cash for work and don't get a receipt, you're giving up part of your claim.

## One last thing

You do not need to attach any of your receipts to your tax return. However, you should be prepared to provide them should the Canada Revenue Agency request them.

To make things easier for our clients (and ourselves), we put together a simple spreadsheet to help keep expenditures organized. You're welcome to use it; you can download a PDF at [www.operatesmart.com](http://www.operatesmart.com). Click on the *2009 Home Renovation Tax Credit* button.

CRA has more details on its Web site at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca). Click on the *Home Renovation Tax Credit* link or call 800-959-8281. □

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