



Federal Budget good news for homebuyers and homeowners

The Federal Budget 2009, passed on February 3, 2009 offers a \$7.8 billion package to homebuyers and renovators which includes the following initiatives.

Home Renovation Tax Credit (HRTC): This temporary program provides an income tax credit on eligible home renovation expenses for work performed or goods bought after January 27, 2009 and before February 1, 2010. Homeowners can claim a tax credit for 15 per cent of renovation expenses between \$1,000 and \$10,000 for a maximum credit of \$1,350. There is no tax credit for less than \$1,000. New additions, decks, carpeting, floorings, heating systems and landscaping qualify. Furniture, appliances, tools and maintenance contracts do not qualify.

First-Time Home Buyers' Tax Credit: This new tax credit program provides up to \$750 in tax relief to eligible first-time home buyers for costs associated with buying their first home, including legal fees and land transfer taxes.

ecoENERGY Retrofit program: This new funding provides home and property owners grants of up to \$5,000 to offset the costs of making energy-efficiency improvements.

Homebuyers' Plan: This is an increase to the RRSP withdrawal limit to \$25,000 from \$20,000 for eligible homebuyers. The plan, first introduced in 1992, has not had a withdrawal limit increase. Eligible couples can now withdraw up to \$50,000.

The Board estimates indicate that a couple buying a townhome in Metro Vancouver with a benchmark price of \$423,338 will save \$7,448 on their mortgage (at a five per cent rate amortized over 25 years) as a result of being able to use an additional \$10,000 of their RRSPs.

Thank you, John Cummins, MP, Delta-Richmond East

For many years the Board lobbied, under the direction of the Canadian Real Estate Association, for changes to the withdrawal limit of the Home Buyers' Plan. And for many years, the \$20,000 limit remained.

Then in 2008, Delta-Richmond East MP, John Cummins, listened to our concerns and showed his support by introducing a private members' bill. He also kept the issue alive with his colleagues. As a result of his leadership, the 2009 Federal Budget raises the withdrawal limit to \$25,000 for an individual and \$50,000 for a couple.

What else is in the Federal Budget 2009?

Businesses

- A temporary 100 per cent one-year write-off of new computers.
- Increases the maximum eligible loan amount a small business can access under the Canada Small Business Financing Program for loans to \$350,000 from \$250,000 and to \$500,000 for loans made for acquiring real property.
- Increases the amount of small business income eligible for the reduced federal tax rate of 11 per cent to \$500,000 from \$400,000 as of January 1, 2009.

Individuals and families

- \$20 billion in personal income-tax relief over five years.
- An increase in the basic personal taxation amount to \$10,320.
- moves the threshold for the 15 per cent lowest-tax bracket to \$40,726 of income from the previous \$38,832.
- Moves the upper limit of the second tax bracket to \$81,452 up from the previous \$77,664.
- Gives the average Canadian about \$300 in tax savings in the 2009 tax year.

Local Governments

- \$2 billion (Canada-wide) over two years in direct, low-cost loans to local governments to finance improvements to housing related infrastructure, such as sewers, water lines, and neighbourhood regeneration projects.
- \$1 billion (Canada-wide) over five years for Green Infrastructure Fund to support sustainable energy.

Social housing

- \$1 billion over two years for renovations and energy retrofits for 200,000 social housing units, on a 50–50 cost-shared basis with provinces.
- \$400 million over two years for the construction of social housing units for low-income seniors.
- \$75 million over two years for the construction of social housing for persons with disabilities.
- \$400 million over two years to new social housing projects and to upgrade social housing stock on First Nations reserves.

Culture

- \$60 million for community cultural and heritage institutions such as local theatres, libraries and small museums.
- \$30 million to Canadian magazine and newspapers.

For more information on the federal budget, visit www.budget.gc.ca/2009