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HOME RENOVATION TAX CREDIT CAUSES CANADIAN CONSUMER CONFUSION

Fifty seven percent of Canadian homeowners plan to claim the credit but majority remain unclear on rules

Calgary, Alberta – June 17, 2009 – More than 80 percent of Canadian homeowners admit they know little to nothing about the new Home Renovation Tax Credit that could result in tax savings up to \$1,350. The poll by Angus Reid Strategies also showed 98 percent of homeowners are unaware of the February 1, 2010 deadline for claiming their renovations.

Announced in the 2009 Federal Budget, the Home Renovation Tax Credit (HRTC) is a non-refundable tax credit for work performed on or goods acquired for the renovation of owned, personal dwellings. Eligibility for the HRTC is family based. To qualify, a family must spend at least \$1,000 on home renovations, up to a maximum of \$10,000. The renovation must be of an “enduring nature” and “integral to the dwelling.”

“For homeowners thinking about renovating, the Home Renovation Tax Credit is a great opportunity to get the most tax benefit from your project,” says Cleo Hamel, Senior Tax Analyst, H&R Block Canada. “There are all types of projects that qualify but Canadians seem to be confused about what they can actually claim. If you wait until you file your tax return to ask questions, it will be too late.”

The survey showed:

- Only 20 per cent of Canadian homeowners understood that condo owners can apply their share of the cost of a renovation of the common areas in their building.
- Fifty-six per cent of respondents didn’t realize replacing the windows in the family cottage would be eligible.
- Albertans homeowners scored the highest when quizzed about what types of projects were covered by the HRTC.
- More than half of Atlantic Canada homeowners scored less than 50 percent when quizzed about what types of projects were covered. Ninety-five percent of Atlantic Canadians said they knew little or nothing about the HRTC.

“There are guidelines about what qualifies and what doesn’t under the credit so homeowners need to understand that replacing a couple of boards on a deck does not qualify but replacing or renovating the deck does,” says Hamel. “Cottage renovations are okay, but you can only claim up to \$10,000 per family, not per property. Ultimately, if you do have a qualifying project but don’t claim it, you are giving the government your money.”

Renovation Plans and HRTC

Homeowners in different provinces did have varying views on whether or not they were going to take advantage of the HRTC.

- Quebecers were the least likely to be planning a renovation (33 per cent) even though residents can claim the Federal HRTC as well as provincial tax credits for renovations.
- Quebecers were also the least likely to claim home improvement credits such as an energy audit (14 percent).
- Only 28 percent of Quebec homeowners said the HRTC made them more likely to renovate.
- Manitoba and Saskatchewan homeowners were the most likely to renovate at 61 percent.
- Ontario homeowners were also more likely to renovate (48 percent).

“The HRTC was designed to help Canadian homeowners increase the value of their homes through renovations,” explains Hamel. “Your principal residence is allowed to increase in value tax free so it really makes sense for homeowners to take advantage of the credit. You reduce your tax payable while enjoying the improvements to your home.”

Canadians who do plan to claim the HRTC need to:

- Keep your receipts and invoices
- All renovation expenses must be incurred after January 27th 2009 and before February 1, 2010
- You must claim a minimum of \$1,000 up to a maximum of \$10,000 (results in a maximum credit of \$1,350 credit)

This Canadian public opinion poll was conducted online by Angus Reid Strategies, from June 5 to June 11, 2009, and surveyed 1,398 randomly selected Canadian homeowners. The margin of error for the total sample is +/-2.6%, 19 times out of 20.

About H&R Block Canada

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For more information about the Home Renovation Tax Credit and more tax tips, contact one of our year round office locations, call 1-800-HRBLOCK or visit www.hrblock.ca.

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