



FIRST-TIME HOME BUYERS' TAX CREDIT

The Home Buyers' Tax Credit, at current taxation rates, works out to a rebate of **\$750 for all first-time buyers**. After you buy your first home, the credit must be claimed within the year of purchase and it is non-refundable. If you are purchasing a home with a spouse, partner or friend, the combined claim cannot exceed \$750.

In order to be eligible for the First-time Home Buyers' Tax Credit, your home must meet the following requirements:

- Be within Canada
- Be an existing or new home
- Be a single, semi, townhouse, mobile home, condo, or apartment
- Can include a share in a co-operative housing corporation that gives you possession of the home
- You must intend to occupy the home within one year of purchase

To personally be eligible for the First-time Home Buyers' Tax Credit, you must also meet the following requirements:

- You or your spouse must purchase a qualifying home
- The home must be registered in either your name or your spouse's name
- You cannot have owned a home in the previous four years
- You cannot have lived in a home owned by your spouse in the previous four years
- You must present documents supporting the purchase of the home³

If you have a disability and are purchasing a home, you do not need to be a first-time home buyer to claim the Home Buyers' Tax Credit, where a person with a disability is defined as a person who can claim a disability amount on their tax return in the year the home is purchased.

The Home Buyers' Tax Credit can be claimed if the home purchased is suitable for the disabled person's needs, and the disabled person occupies the home within one year from the date of purchase.

For More Information:

<http://actionplan.gc.ca/en/video/first-time-home-buyers-tax-credit>

FIRST-TIME HOME BUYERS' PLAN (HBP)

One source of funding for your down payment is a Registered Retirement Savings Plan (RRSP). The Canadian government's Home Buyers' Plan (HBP) allows you to borrow up to \$25,000 from your RRSP for a down payment, tax-free. However, it must be repaid within 15 years.

In order to be eligible as a first-time homebuyer, you must meet the following criteria:

- Not owned a home within the previous four years
- Sign a written agreement to buy a home
- Intend to live in the home within one year of purchase
- If you have used the Home Buyers' Plan before, you cannot have any outstanding balance due
- You must make the withdrawal from your RRSP within 30 days of taking title of the home

If you are buying with a partner, each spouse needs to qualify as a first-time homebuyer, in order for you to both withdraw from your individual RRSPs. For example, if you have owned a home in the last four years but your spouse has not, then your spouse would be able to withdraw money from their RRSP under the Home Buyers' Plan, provided you and your spouse have not been living together in the home you owned.

If you make a withdrawal from your RRSP, but do not meet the first-time homebuyer eligibility requirements, this withdrawal will be taxed and you must include it in your income tax statement as taxable income. If both you and your spouse meet the first-time homebuyer eligibility requirements, each of you can withdraw up to \$25,000 from your RRSPs for a total of \$50,000.

In order to participate in the Home Buyers' Plan, you must print off a copy of Form T1036. This form is available from Canada Revenue Agency's website (www.cra-arc.gc.ca). You must fill out Section 1 then give the form to the financial institution that holds your RRSP so they can fill out Section 2. Your financial institution will send you a T4RSP form, which will confirm how much you withdrew from your RRSP as a part of the Home Buyers' Plan. You must reference this form in your income tax return for the year you made the withdrawal.

