

# FIRST-TIME HOME BUYERS' TAX CREDIT

Through Canada's Economic Action Plan, the federal government introduced the First-Time Home Buyers' Tax Credit (HBTC) to help with the purchase of a first home.

## ABOUT THE INITIATIVE

The HBTC assists first-time home buyers with the costs associated with the purchase of a home, such as legal fees, disbursements and land transfer taxes, which are a particular burden for first-time home buyers, who must also save for a down payment. The \$5,000 non-refundable HBTC amount applies to qualifying homes acquired after January 27, 2009, and provides up to \$750 in federal tax relief. An individual is considered a first-time home buyer if neither the individual nor the individual's spouse or common-law partner owned and lived in another home in the year of the home purchase or in any of the four preceding calendar years. Special rules apply for the purchase of homes that are more accessible or better suited to the personal needs and care of an individual who is eligible for the Disability Tax Credit. In these situations, the HBTC can be claimed, even if the first-time home buyer requirement is not met. A qualifying home is generally considered to be a housing unit located in Canada that the individual or individual's spouse or common-law partner intends to occupy as their principal place of residence no later than one year after its acquisition. Any unused portion of an individual's HBTC may be claimed by the individual's spouse or common-law partner. When two or more eligible individuals jointly purchase a home, the credit may be shared but the total credit amount claimed cannot exceed \$5,000. Claimants should ensure that documentation supporting the purchase transaction is available if requested by the Canada Revenue Agency. Claimants are also responsible for making sure that all applicable eligibility conditions are met.



## WHO WILL BENEFIT

First-time home buyers purchasing a home may claim the HBTC on their income tax returns, starting with the 2009 taxation year. Initiative Update HBTC received Royal Assent on December 15, 2009. Canadians purchasing their first home after January 27, 2009 can claim the HBTC on their income tax return for the year in which they make their purchase.

## FIND OUT MORE

For more information, please visit the website at: <http://actionplan.gc.ca/en/initiative/first-time-home-buyers-tax-credit>

Information is intended for assistance only. Please ask your accountant or lawyer for more specific information.