

Information Bulletin

Issued: December 2020

SASKATCHEWAN HOME RENOVATION TAX CREDIT

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A. GENERAL INFORMATION

The new Saskatchewan Home Renovation Tax Credit (HRTC) allows homeowners to claim a 10.5% non-refundable tax credit on up to \$20,000 of qualifying home renovation expenses incurred between October 1, 2020, and December 31, 2022, saving them up to \$2,100 in tax.

Under this initiative, you can claim an amount for **qualified expenditures** incurred for work performed or goods acquired after October 1, 2020, and before December 31, 2022, under an agreement entered into on or after October 1, 2020, related to an **eligible dwelling**. The renovation must be substantially completed by December 31, 2022, in order for the expenses to qualify.

Total qualified expenditures in excess of \$1,000, but not more than \$12,000, can be claimed on your 2021 tax return. A maximum claim of \$11,000 can be made for 2021. Total qualified expenditures in excess of \$1,000, but not more than \$10,000, can be claimed on your 2022 tax return. A maximum claim of \$9,000 can be made for 2022.

The expenses qualify when they are incurred in relation to a renovation or alteration to an eligible dwelling (including the land that forms part of the eligible dwelling) and are of an enduring nature and integral to the dwelling. Qualified expenditures include the cost of labour and professional services, building materials, fixtures, equipment rentals, and permits (see **Examples of “qualifying expenditures”**).

The Home Renovation Tax Credit will be administered by the Canada Revenue Agency (CRA) as part of the Saskatchewan personal income tax system. The CRA will develop the appropriate forms and filing instructions in the coming months.

B. DEFINITIONS

Definition of “eligible dwelling”

An “eligible dwelling” of an individual is a housing unit located in Saskatchewan that is your principal residence. Cottages and cabins do not qualify, unless they are your principal residence.

All of the following conditions must be met:

- you own at the time of the renovation or alteration, alone or jointly with another person, the housing unit or share of the capital stock of a co-operative housing corporation you acquired solely to get the right to inhabit the housing unit owned by that corporation; and,
- you, your current or former spouse, or your current or former common-law partner, or any of your or your spouse or common-law partner's children ordinarily inhabited the housing unit at any time during the eligible period.

Generally, land of ½ hectare (1.24 acres), including the land upon which your housing unit stands and any portion of the adjoining land, will be considered as part of your eligible dwelling.

If during the eligibility period you sold and purchased an eligible dwelling, qualified expenditures that you incurred for both dwellings will normally be eligible for the HRTC. However, the maximum amount of qualified expenditures you can claim for the HRTC is \$20,000.

Examples of “qualifying expenditures”

Generally, in addition to projects you do yourself, work performed by electricians, plumbers, carpenters, architects, etc. in respect of an eligible expense qualifies for the HRTC.

The following items are examples of qualifying expenditures for the HRTC:

- renovating a kitchen, bathroom, or basement
- windows and doors
- new flooring - carpet, linoleum, hardwood, floating laminate etc.
- new furnace, boiler, woodstove, fireplace, water softener, water heater, or oil tank
- permanent home ventilation systems
- central air conditioner
- permanent reverse osmosis systems
- septic systems
- wells
- electrical wiring in the home (e.g., changing from 100 amps to 200 amps service)
- home security system (monthly fees do not qualify)
- solar panels and solar panel trackers
- painting the interior or exterior of a house
- building an addition, garage, deck, garden/storage shed, or fence

- re-shingling a roof
- a new driveway or resurfacing a driveway
- exterior shutters and awnings
- pool liners
- solar heaters and heat pumps for pools (does not include solar blankets)
- landscaping: new sod, perennial shrubs and flowers, trees, large rocks, permanent garden lighting, permanent water fountain, permanent ponds, large permanent garden ornaments
- retaining wall
- associated costs such as installation, permits, professional services, equipment rentals, and incidental expenses
- fixtures - blinds, shades, shutters, lights, ceiling fans, etc.

The following items are examples expenditures that do not qualify for the HRTC:

- routine repairs and maintenance typically performed on an annual or more frequent basis
- furniture, draperies, appliances, hot tubs, and mechanical items not considered to be an enduring addition to the home (e.g. refrigerator, stove, or couch)
- audio-visual electronics, except (a) where installed as a fixture *and* (b) necessary and primarily used to operate an eligible expenditure
 - Examples that qualify include an electronic device that is a fixture and that is necessary and primarily used to operate solar panels, air conditioning systems, home security devices, or ventilation systems.
 - Examples that do not qualify include televisions, speakers, smart devices, tablets, computers, streaming devices, cell phones, or gaming systems.
- expenditures that have a value independent of the renovation, such as construction equipment and tools
- maintenance contracts (furnace cleaning, snow removal, lawn care, pool cleaning, etc.)
- any financing costs, such as interest payments, associated with the home renovation
- the value of your own labour for do-it-yourself projects
- any outlay or expense made or incurred in respect of a close relative (e.g. a person not at arm's length), unless that relative is registered for GST purposes

C. HOW THE CREDIT IS CALCULATED

Claiming Home Renovation Expenses

The claim for qualified expenditures is family-based. Eligible family members include you and your spouse or common law partner and your or your spouse's or common law partner's children who are under 18 years of age at the end of 2021. The claim can be split among eligible family members, but the total amount claimed cannot exceed the maximum allowable.

Example:

Dan and Kim bought an energy-efficient furnace in October 2020. They entered the contract with the purchase and installation after October 1, 2020. They paid \$9,500 for the furnace and installation. They will calculate the maximum amount of their home renovation expenses as follows:

Total qualified expenditures (maximum \$12,000)	\$9,500
Base amount	- \$1,000
Home renovation expenses	= \$8,500

Either Dan or Kim can claim the entire amount of \$8,500 on their 2021 tax return or they can each claim a portion of the expenses, provided the total amount claimed does not exceed \$8,500. In this case, if Dan claims \$3,500, then Kim can claim \$5,000.

Condominiums and Co-operative Housing Corporations

For condominiums and co-operative housing corporations, your share of the cost of qualified expenditures for common areas qualifies for the HRTC if all the following conditions are met:

- the condominium or co-operative housing unit is your or an eligible family member's eligible dwelling;
- the expenses would be qualifying expenditures if the common areas were treated as an eligible dwelling; and,
- the corporation has notified you in writing of your share of the expenses.

Rental and/or Business Use of Part of an Eligible Dwelling

If you earn rental or business income from part of your eligible dwelling, you can only claim the amount for expenses incurred for the personal use areas of your dwelling. For expenses incurred for common areas or that benefit the housing unit as a whole (such as re-shingling a roof), divide the expense between personal use and income earning use and claim the personal use portion.

D. SUPPORTING DOCUMENTATION

Qualifying expenditures must be supported by acceptable documentation, such as agreements, invoices, and receipts, and must clearly identify the type and quantity of goods purchased or services provided, including, but not limited to the following information:

- information that clearly identifies the vendor/contractor, their business address and, if applicable, the GST/HST registration number;
- a description of the goods and the date when the goods were purchased;
- 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 and invoices) - invoices must indicate "paid" or be accompanied by other proof of payment, such as a credit card slip or cancelled cheques; and,
- a statement from the co-operative housing corporation or condominium corporation (or, for civil law, a syndicate of co-owners) signed by an authorized individual. This statement should identify:
 - the amounts incurred for the renovation or alteration work;
 - as a condominium owner, your portion of these expenses if the work is performed on common areas of the condominium;
 - information that clearly identifies the vendor/contractor, their business address and, if applicable, their GST/HST registration number; and,
 - a description of the work performed and the dates when the work or services were performed.

FOR FURTHER INFORMATION

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