

Backgrounder: The Saskatchewan Home Renovation Tax Credit

A re-elected Saskatchewan Party government will make it more affordable to renovate your home by introducing the *Saskatchewan Home Renovation Tax Credit*.

The *Saskatchewan Home Renovation Tax Credit* will allow Saskatchewan homeowners to claim a non-refundable 10.5% provincial tax credit on eligible home renovation expenses undertaken on their primary residence between October 1st 2020 and December 31st, 2022.

Saskatchewan homeowners taking full advantage of the program will be able to claim \$20,000 in home renovation expenses on their 2021 and 2022 income tax returns for a maximum non-refundable tax credit of \$2,100.

Program Details:

- 2020 and 2021 Eligible Home Renovation Expenses: Maximum Eligible Claim Amount of \$11,000:
 - Saskatchewan homeowners will be able to claim a tax credit on their 2021 provincial income tax for eligible home renovation expenses on their primary residence undertaken between October 1st 2020 and December 31, 2021 (15 month period).
 - Eligible expenses between \$1,000 and \$12,000 can be claimed for a tax credit on a homeowners' 2021 provincial income tax return. The maximum amount that can be claimed is \$11,000 in eligible expenses, for a maximum tax credit of \$1,155 (\$11,000 in eligible expenses x 10.5% tax credit for a benefit of \$1,155).
- 2022 Eligible Home Renovation Expenses: Maximum Eligible Claim Amount of \$9,000:
 - Saskatchewan homeowners will be able to claim a tax credit on their 2022 provincial income tax for total eligible expenses on their primary residence undertaken between Jan 1st 2022 and December 31, 2022.
 - Eligible expenses between \$1,000 and \$10,000 can be claimed for a tax credit on a homeowners 2022 provincial income tax return. The maximum amount that can be claimed for 2022 is \$9,000 in eligible expenses, for a maximum tax credit of \$945 (\$9,000 in eligible expenses x 10.5% tax credit for a benefit of \$945).

Eligible Expenses for the Tax Credit

- Eligible goods or services can be claimed for the tax credit during the period in which the costs were incurred.
 - For example, costs incurred with having a roof shingled in 2021 must be claimed on the taxpayer's 2021 tax return and can't be resubmitted again for the 2022 tax year.

- The total amount of eligible expenses being claimed each year under the *Saskatchewan Home Renovation Tax Credit* must be between \$1,000 and the annual limit. For example:
 - If total eligible expenses of eligible home renovation expenses incurred in 2021 is \$4,500, the maximum amount that can be claimed is \$3,500.
 - If total eligible expenses being claimed in 2021 is less than \$1,000, the homeowner is not eligible to claim a tax credit.
- Only renovations undertaken to a homeowner's primary residence will be eligible for the *Saskatchewan Home Renovation Tax Credit*.
- Either spouse in a married or common-law couple residing at the same address may claim the credit or they may divide eligible home renovation expenses between themselves in claiming the tax credit, up to the maximum total annual amount per residence.
 - For example: a married or common law couple residing at the same address who undertake \$5,000 in eligible home renovation expenses in 2021 would each be able to claim \$2,000 under the *Saskatchewan Home Renovation Tax Credit* for a maximum total claim of \$4,000 in eligible expenses that year and a non-refundable tax credit of \$210 each.
- Eligible expenditures for condominiums and co-operative housing corporations include the individual's share of the cost of renovating common areas, in addition to costs to renovate the unit.

Qualifying Expenditures

- Means an outlay or expense that is made or incurred by an individual.
- Must be incurred during the eligible period and supported by receipts which clearly identify:
 - The vendor / contractor.
 - The date which the goods / services were purchased and / or provided.
 - A description of the work performed and the address where the work was performed.
 - The amount paid.
- Expenditures do not qualify if the goods or services are provided by a person with whom the taxpayer is not dealing at arm's length (i.e. a close relative) unless that person is registered to collect GST / PST.

Eligible and Non-Eligible Expenses

Eligible renovations to a property must be of an enduring nature that are integral to the dwelling, including expenditures for the cost of labour and professional services, building materials, fixtures, and equipment rentals and permits.

Examples of Eligible Expenditures:

- Renovating a kitchen, bathroom, or basement
- Shingling a roof or renovating outdoor fixtures to a home.
- Installing new carpet or hardwood floors
- Building an addition, deck, fence or retaining wall
- Purchasing and installing a new furnace, water heater or solar panels (mechanical items considered to be of an enduring addition to the home).
- Painting the interior or exterior of a house
- Resurfacing a driveway
- Laying new sod

Examples of Non-eligible Expenditures:

- Routine repairs and maintenance typically performed on an annual or more frequent basis (such as carpet cleaning).
- Furniture, draperies, appliances and mechanical items not considered to be an enduring addition to the home (i.e. refrigerator, stove, couch, jacuzzi)
- Audio-visual electronics.
- 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).
- Financing costs.

Assumptions:

- It's assumed that there will be 236,250 claims under the program, with an average claim of \$5,000 for an average non-refundable tax credit of \$525.
- In 2009, the Government of Canada introduced a one-year economic stimulus program to assist homeowners with the cost of renovating their home. In Saskatchewan, that resulted in 105,000 taxpayers taking advantage of the federal credit at an annual claim of \$5,000, for a total \$525 million in home renovation expenditures in Saskatchewan during that year.

Cost:

- **2021-22: \$68.9M**
- **2022-23: \$55.1M**