

# The First-Time Home Buyers' Tax Credit (HBTC)

Right now, Canadian first-time home buyers can take advantage of the First-Time Home Buyers' Tax Credit (HBTC). If you qualify and your home qualifies, this could be a nice bonus to taking the plunge of buying your first piece of residential real estate.

You qualify for the HBTC if you are a first-time home buyer who buys a home in Canada. For the purposes of this tax credit, "first-time home buyer" refers to anyone (and their spouse or common-law partner) who has not owned and lived in a residence during the year they buy or for any of the four years prior to their purchase. (If you are eligible for the Disability Tax Credit (DTC), you don't have to be a first-time buyer to purchase)

The tax credit amount is determined by the lowest personal income tax rate of the year times \$5000. For instance, 2009's lowest rate was 15%. Multiplied by the amount of \$5000, this equals \$750. So, for 2009, the HBTC is \$750. Each year, the credit is recalculated, so it may be higher or lower than previous years.

The beauty of this particular credit is the flexibility of the purchase options. In addition to the standard single-family home unit, this tax credit covers a lot of residential real estate. You can get this tax credit on a mobile home or even on a co-op where you own equity interest in a unit (Unfortunately, shares that only give you the right to tenant a unit are not eligible). Condos of all types qualify as well, with apartments, duplexes and whole apartment buildings.

You can only claim the HBTC once per dwelling, so if you and another eligible party jointly purchase a home, you can't each get \$750 in tax credits! However, you are able to share the credit if you so desire, so that each eligible party gets a share.

The 2009 and subsequent personal income tax returns will incorporate a new line that allows you to claim this credit. If someone else is doing your tax return, ensure that their attention is drawn to the fact that you are eligible for this credit. You don't have to supply any supporting documents, but ensure that you have them easily accessible should the CRA want to take a look at them.

It's just another great reason to take the final step of real estate home ownership. -

For further information and updates on this program please visit the Canada Revenue Agency website at <http://www.cra-arc.gc.ca/gncy/bdgt/2009/fghbtc-eng.html>

This Article Originally Written By Carlos Montes