



CESTNICK

TAX MATTERS

Twelve Ways to Open the door to House-Related Savings this Tax Season

SPECIAL TO THE GLOBE AND MAIL
PUBLISHED FEBRUARY 26, 2025

My son, Win, and his wife, Sarah, got married last summer and moved into their new condominium. They're learning about home ownership through renovations they're doing. Win texted me this week: "Dad, I need a front door for my hall. The replacement I bought was too tall. So, I hacked it and chopped it, and carefully lopped it, and now the dumb thing is too small."

Saving for a home

1. Open an FHSA: By now you've no doubt heard about the tax-free First Home Savings Account, which allows a first-time homebuyer to sock away up to \$8,000 annually (to a lifetime maximum of \$40,000). FHSAs are similar to RRSPs in that contributions are deductible and, like TFSAs, withdrawals to buy a home are tax-free.

2. Consider using your RRSP: If you've been using a [Registered Retirement Savings Plan](#) to save money, you can withdraw, tax-free, up to \$60,000 under the Home Buyers' Plan to help buy a home. You'll need to pay the funds back to your RRSP over 15 years, or

you'll face tax on the deficient repayments.

Buying a home

3. Generate income from home: If you've bought a home, you should consider starting a part-time business from your residence, or renting out a small part of the place. This will open the door to claiming a deduction for home-related costs you're incurring, including [mortgage](#) interest, property taxes, insurance, utilities, repairs, and maintenance, and more.

4. Check for land transfer tax rebates: If you're thinking about buying a home, be aware that some provinces (Ontario, British Columbia, Prince Edward Island, for example) and cities (such as Toronto and Montreal) provide rebates of land transfer taxes to first-time buyers. Make sure you claim yours.

5. Claim the home buyers' amount: If you bought your first home in 2024, you could be eligible to claim up to \$10,000 for a federal tax credit worth up to \$1,500. You'll also qualify if you (or

your spouse or common-law partner) are not first-time buyers but are eligible for the disability tax credit.

Renovating a home

6. Claim the home accessibility tax credit: Those who are age 65 or older, or who qualify for the disability tax credit, may be eligible to claim up to \$20,000 in qualifying home renovation costs, for a tax credit worth up to \$3,000. If you incur these costs for a close relative who qualifies, you may be entitled to the credit. If the costs also qualify as medical expenses, you can double-up and claim this credit and the medical expense tax credit.

7. Consider the MGHRTC: The Multi-Generational Home Renovation Tax Credit can be claimed on up to \$50,000 of qualifying renovation costs, providing a tax credit worth up to \$7,500. The costs have to be incurred to create a self-contained secondary unit that allows a senior, or an adult eligible for the disability tax credit, to live with a qualifying relative.

8. Claim the GST/HST new housing rebate: You may be able to claim a rebate on some of the GST/HST you paid on the purchase of a newly built or substantially renovated home intended as your primary residence. You could qualify whether you purchased the home from a builder or hired someone to construct or renovate your home.

Sharing a home

9. Watch for non-compliance: If you're renting out your home on a short-term basis (think Airbnb), make sure you're compliant with all provincial and municipal registration, licensing, and permit requirements. If you're not, the taxman will deny tax deductions related

to this activity for 2024 and subsequent years.

10. Avoid the Underused Housing Tax: There's a 1-per-cent federal tax that can apply on vacant or underused housing. It typically applies to foreign owners of Canadian residential housing but can also apply to some Canadians (corporations, partnership and trusts may have filing obligations even if they are exempt from the tax). Go to www.canada.ca and enter "UHT" in the search field for more.

Selling a home

11. Claim the principal residence exemption: You'll need to report the sale of a home on Schedule 3 of your tax return. But this doesn't mean you'll pay tax on any capital gains. You may be able to claim the principal residence exemption to shelter the sale from tax. File Form T2091 to designate a property as your principal residence for the purpose of this exemption.

12. Understand selling a residential property-flipping: Selling a residential property that you've owned for less than 365 days could give rise to business income unless you qualify for one of several exceptions. Check out publication T4027 at www.canada.ca (see Chapter 6) for more.

Tim Cestnick, FCPA, FCA, CPA(IL), CFP, TEP, is an author, and co-founder and CEO of Our Family Office Inc. He can be reached at tim@ourfamilyoffice.ca.