

First-Time Home Buyers' Tax Credit

Budget 2009 proposes to introduce a new non-refundable tax credit based on an amount of \$5,000 for first-time home buyers who acquire a qualifying home after January 27, 2009 (i.e. the closing is after that date). The credit for a taxation year will be calculated by reference to the lowest personal income tax rate for the year and is claimable for the taxation year in which the home is acquired.

An individual will be 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 calendar year of the home purchase or in any of the four preceding calendar years. A qualifying home is one that is currently eligible for the Home Buyers' Plan that the individual or individual's spouse or common-law partner intends to occupy as the principal place of residence not later than one year after its acquisition.

Budget 2009 also proposes that the credit be available for certain acquisitions of a home by or for the benefit of an individual who is eligible for the disability tax credit (DTC). In particular, the credit will be available in respect of a home acquired after January 27, 2009 (i.e. the closing is after that date) by an individual who is eligible for the DTC, or by an individual for the benefit of a related individual who is DTC-eligible, if the home is acquired to enable the DTC-eligible individual to live in a more accessible dwelling or in an environment better suited to the personal needs and care of that person.

For the purpose of this credit, a "DTC-eligible" individual is an individual in respect of whom an amount is deductible under the DTC for the taxation year in which the agreement to acquire the home is entered into, or would be deductible if costs for an attendant or care in a nursing home were not claimed for Medical Expense Tax Credit purposes by or on behalf of that person. Where the home is acquired by or for the benefit of a DTC-eligible individual, the home must be intended to be the principal place of residence of that individual no later than one year after its acquisition.

The credit may be claimed by the individual who acquires the home or by that individual's spouse or common-law partner. For the purpose of this credit, a home is considered to be acquired by an individual only if the individual's interest in the home is registered in accordance with the applicable land registration system.

Any unused portion of an individual's First-Time Home Buyers' Tax Credit may be claimed by the individual's spouse or common-law partner. Where more than one individual is entitled to the First-Time Home Buyers' Tax Credit (for example, where two individuals jointly buy a home), the total amount of the credits claimable for the year by those individuals shall not exceed the maximum amount of the credit that would be claimable for the year by any one of those individuals.