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Spruce up the house, beef up the wallet

Renovation tax credit would let homeowners claim fixups

Canadians looking at putting in sod or renovating their bathrooms will get a tax break worth up to \$1,350 as part of the federal government's efforts to encourage consumer spending.

Jason Arnold with Absolute Hardwood Flooring sands floor samples in the AgriCom for this week's home renovation show. Many home renovations are eligible for a tax exemption under the federal budget announced on Tuesday in the House of Commons. It remains to be passed.

The Home Renovation Tax Credit lets taxpayers claim 15 per cent of their fix-up costs until Feb. 1, 2010. The government says the incentive will provide about \$3 billion in tax relief.

Larry McCordick, administrative manager with Blue Grass Ltd., a sod farm and nursery near Red Deer, said any tax credit incentive that includes landscaping costs will be a boost for his industry.

"The biggest complaint I get is that is a lot of work to put in sod and trees, but if there is some economic advantage, that will help," McCordick said Tuesday as the 2009 Landscapers and Contractors Expo at Edmonton Northlands wrapped up. "It is fairly expensive, so people tend to spend the bare minimum — this will encourage them to spend a bit more."

McCordick said he thinks the tax credit will encourage Canadians to spend a bit more as the global recession worsens, but just how much more remains to be seen.

The credit, which is available for homes and cottages effective immediately, is designed to boost construction, forestry and other industries. Taxpayers can claim renovations on their 2009 tax returns on costs over \$1,000, but not exceeding \$10,000.

The list of eligible expenses includes: renovating kitchens, bathrooms or basements; new flooring or carpeting; building additions, decks, or retaining walls; installing furnaces or water heaters; interior or exterior painting, or driveway resurfacing.

Routine maintenance does not qualify. Things such as new furniture, appliances, tools, carpet cleaning and snow removal are excluded.

Heavy-equipment salesman Mike Schmidt said he thinks most people will continue to take a wait-and-see approach when it comes to discretionary spending.

But any kind of tax credit that puts money back in the consumers pocket is bound to have a positive impact, he said.

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