

**COLUMN TAX CORNER****By FOREST LI****HOME-PURCHASE BENEFITS**

There are tax benefits you can claim when you buy a house. A first-time home buyer can claim up to \$5,000 in tax benefit if both of the following apply: (1) You or your spouse or common-law partner acquired an eligible home; (2) You did not live in another home owned by you or your spouse or common-law partner in the year of acquisition or in the preceding four years.

The tax credit would save you \$750 in income tax, and you should claim it on your income tax return for the year the house was purchased.

If you purchase or build a new house, you can claim a GST rebate (refund) for the GST you have paid. The maximum amount of the rebate is \$24,000, and the maximum amount eligible for the purchase price of the house is normally \$450,000. To claim the rebate, you need to file GST 190 or GST 191 and other forms, and you need to provide documents relating to the purchase of the house or construction materials.

After the purchase of the house, depending on your total family income, you may be able to get the refundable property tax credit for the property tax you have paid. You shall try to claim this credit in your income tax return every year.

If you need to use part of your house as an office, workshop, storage and so on for your employment or business, you may be able to claim a portion of the home expenses as business-use-of-home (BUOH) expenses to save you income tax. The home expenses include property tax, insurance, interest on mortgage, repairs and maintenance, and use of heat, hydro, water/sewer, telephone, Internet, and so on. There are criteria on whether or not you can claim BUOH expenses, and you need to keep all the documents of the expenses.

When you sell the house, you do not have to worry about the income tax, even if you have made some money because the sale price was higher than the purchase price. The capital gain from the sale of principal residence is tax-free; you do not have to pay tax for that.

There are many tax benefits to claim when you purchase and own a house. The government does not automatically give the benefits to you. You have to claim them. If you need help, please phone Wensten Accounting Inc. at (705) 749-9288. ■

**FOREST LI** is a certified income-tax consultant.