Tax reminders for clients who bought, renovated or sold homes in 2021

CRA outlined credits, rebates and reporting requirements

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Clients who bought, renovated or sold homes in 2021 will want to make sure they take advantage of credits and rebates, as well as stay onside of their tax reporting obligations. The Canada Revenue Agency (CRA) provided highlights of what taxpayers need to know in a release on Thursday.

For those who bought a qualifying home last year, the home buyers' amount is a non-refundable tax credit of up to $750.

To claim the amount ($5,000), taxpayers must have been first-time buyers: they must not have lived in another home they owned (or that their spouses or common-law partners owned) in the year of acquisition or in any of the four preceding years.

The taxpayer and their spouse or common-law partner (or another individual they acquired the home with) can split the claim, but the combined total can't be more than $5,000, the release said.

If a taxpayer is eligible for the disability tax credit or is purchasing a home for a related person with a disability, they don't have to be a first-time buyer. In such a case, the property purchase must be made "to allow the person with the disability to live in a home that is more accessible, more mobile or functional, or better suited to their needs," the release said.

Taxpayers may claim a housing rebate for some of the GST/HST they paid when buying a newly built house, building a house or substantially renovating a house that will be a primary residence.

"As a purchaser, you should ensure that you have not already been credited the new housing rebate by your builder as part of your purchase and sale agreement," the release said.

Eligible renovation expenses may be claimed for renos made for greater accessibility or functionality. To qualify, a taxpayer must be age 65 or older at the end of 2021, or eligible for the disability tax credit (or be an eligible individual).

Taxpayers who sold a property last year must report the sale, even if the sale was a principal residence. To claim the principal residence exemption, taxpayers must report the disposition and designation of a qualifying property as their principal residence on their tax returns.

With the sale of a property that wasn't a principal residence or wasn't a principal residence every year it was owned, taxpayers may owe tax on any gain if they bought the property mainly to sell it or rent it out.