

Income Tax Savings May also Mean Reduced Heating and Cooling Costs for Your Home

If you watch television you will have most likely seen the advertisements regarding the new federal government program for home improvements. The program is known as the Home Renovation Tax Credit. The tax credit provides up to \$1,350 in tax relief on qualified work on an “eligible dwelling”.

So how does it work? The home must be the tax payer’s principle residence and inhabited by the taxpayer and his or her immediate family which includes a spouse or common-law partner, and/or their children who are under 18 years of age. There is only one credit allowed per family.

The income tax credit is based on 15% of certain services and goods purchased between the dates January 27, 2009 and February 1, 2010. To be eligible for the credit all the original receipts need to be saved. The receipts need to show the name of the vendor or contractor, their business address, their GST number, a description of the goods and services they provided, the date they were purchased as well as your name and address and proof that the payment was actually made. Qualified expenditures must be more than \$1,000 and less than \$10,000 to be included for this tax credit.

Eligible work and services which qualify for the tax credit include the following examples: the installation of new hardwood flooring or carpeting, the addition of a deck to your home, a new fence, retaining walls, renovated kitchens, bathrooms and basements, re-shingling of a roof, new furnaces and water heaters, new sod, resurfaced driveways as well as the painting of interior and exterior portions of your home.

Items which may not be included are curtains, drapes, furniture, appliances (even if the kitchens was renovated the stove, dishwasher and refrigerator do not qualify for the credit), audio and visual electronics, tools, the cleaning of your house, carpet or furnace, lawn care and other routine repairs and maintenance of your home. Financing costs are also not permitted in this calculation.

With the good weather, now is the time to think about and be proactive about taking advantage of this tax credit. Have your new thermal windows and doors done now helps you save income taxes as well as heating and cooling costs in the future.

Times are difficult for most of us and we can all benefit from saving a few dollars any legitimate way we can. High-efficiency furnaces can deliver up to 95% of the heating energy into your home. Older models with standing pilots are typically 50 to 60% efficient. That means 40 to 50% of every dollar you spend on your heating bill goes up the chimney.

Let’s be wise stewards and make every dollar God gives us a dollar wisely put back to work in His Kingdom.