

First-Time Home Buyers

The First-Time Home Buyers' Tax Credit, also known as the HBTC, is a federal government initiative to make homeownership more affordable for some Canadians.

After the passage of new legislation in December of 2022, eligible first-time home buyers can claim a \$10,000 non-refundable income tax credit — double what they could before — which could result in tax savings of up to \$1,500. Claiming the HBTC is as straightforward as it gets. There's no need to apply or be approved.

When it comes time to do your taxes, enter the Home Buyer's Amount of \$10,000 on **Line 31270** of your income tax return. The government allows you to split the amount with your spouse or common-law partner, but your combined total claims must not exceed \$10,000. The credit results in a \$1,500 rebate on the taxes you owe for the year.

The amount is calculated at the [lowest personal tax rate](#), which is presently 15%.

If you owe less than \$1,500 in taxes for the year, you can only reduce your taxes to \$0. You won't get an additional refund as this is a non-refundable tax credit. Be sure to keep all your home buying documentation in case the CRA requires proof of eligibility.

HBTC eligibility

1. What are the current rules? **First-time home buyers** who acquire a qualifying **home** can claim a non-refundable tax credit you (or your spouse or common-law partner) must:

- Buy a qualifying home registered in your (or your spouse's or common-law partner's) name. It can be an existing property or under construction and includes single-family structures, townhouses, condo units and more.

- Be a first-time home owner, meaning that you did not reside in a property that you or your spouse or common-law partner owned in the previous four years.
- The qualifying home must become your principal place of residence within one year after it's bought or constructed.

Eligible persons with a disability can apply for the tax credit without needing to be a first-time home buyer.

Other assistance for home buyers

In addition to the HBTC, the federal government has several other programs to help Canadians afford their first property. Since they are separate offerings, you can claim the tax credit and reap the benefits of these programs.

- **The Home Buyers' Plan** allows first-time home buyers to withdraw up to \$35,000 from their [Registered Retirement Savings Plan \(RRSP\)](#) tax-free. You must repay the amount within 15 years.
- **The First-Time Home Buyer Incentive** is a shared equity program offered by the Government of Canada. The government lends eligible home buyers either 5% or 10% of a property's purchase price to put toward **the down payment**. The loan is tax free and must be repaid within 25 years, or when the house is sold.

With this incentive, Government of Canada provides:

- 5% or 10% for a first-time buyer's purchase of a newly constructed home
- 5% for a first-time buyer's purchase of a resale (existing) home
- 5% for a first-time buyer's purchase of a new or resale mobile/manufactured home

The incentive is available to first-time homebuyers with qualified annual incomes of \$120,000 or less. A participant's insured mortgage and the incentive amount cannot be greater than four times the participant's qualified annual income.

Here's an example.

Anita wants to buy a new home for \$400,000.

Under the First-Time Home Buyer Incentive, Anita can apply to receive \$40,000 in a shared equity mortgage (10% of the cost of a new home) from the Government of Canada. This lowers the amount she needs to borrow and reduces her monthly expenses.

As a result, Anita's mortgage is \$228 less a month or \$2,736 a year.

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- **The GST/HST New Housing Rebate** allows someone buying an eligible newly constructed home to recover some of the GST, or the federal part of the HST, they're required to pa