

THE B.C. FIRST-TIME NEW HOME BUYERS' BONUS

Subject to approval by the legislature, the B.C. government intends to implement a temporary BC First-Time New Home Buyers' Bonus. Effective February 21, 2012, to March 31, 2013, the bonus is a one-time refundable personal income tax credit worth up to \$10,000.

Requirements to Qualify for the Bonus

ELIGIBLE FIRST-TIME NEW HOME BUYER

You will qualify as a first-time new home buyer if:

You purchase or build an eligible new home located in B.C.;

You, or for couples, you and your spouse or common law partner, have never previously owned a primary residence;

You file a 2011 B.C. resident personal income tax return, or if you move to B.C. after December 31, 2011, you file a 2012 B.C. resident personal income tax return (you will not be eligible for the bonus if you move to B.C. after December 31, 2012);

You are eligible for the B.C. HST New Housing Rebate; and

You intend to live in the home as your primary residence.

ELIGIBLE NEW HOME

An eligible new home includes new homes (i.e., newly constructed and substantially renovated homes) that are purchased from a builder and that are owner-built. The bonus will be available in respect of new homes purchased from a builder where:

A written agreement of purchase and sale is entered into on or after February 21, 2012;

HST is payable on the home (e.g., HST will generally be payable if ownership or possession of the home transfers before April 1, 2013 - see further details below); and

No one else has claimed a bonus in respect of the home.

The bonus will be available in respect of owner-built homes where:

A written agreement of purchase and sale in respect of the land and building is entered into on or after February 21, 2012;

Construction of the home is complete, or the home is occupied, before April 1, 2013; and

No one else has claimed a bonus in respect of the home.

A substantially renovated home is one where all or substantially all of the interior of a building has been removed or replaced. Generally, 90% or more of the interior of the house must be renovated to qualify as a substantially renovated home (90% test).

MAXIMUM AMOUNT

The bonus is equal to 5% of the purchase price of the home (or in the case of owner-built homes, 5% of the land and construction costs subject to HST) to a maximum of \$10,000.

PHASE-OUT FOR HIGHER INCOME EARNERS

The bonus will be reduced based on an individual's/couple's net income (line 236 of your income tax return) using the following formula:

For single individuals, the bonus is reduced by 20 cents for every dollar in net income over \$150,000 (bonus is reduced to zero at \$200,000 net income).

For couples, the bonus is reduced by 10 cents for every dollar in family net income over \$150,000 (bonus is reduced to zero at \$250,000 family net income).

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Additional Information

APPLICATION PROCESS

Individuals must apply for the bonus through the B.C. government. Individuals can apply once application forms have been posted on the B.C. Ministry of Finance website later this year. Applicants will be required to submit documentation demonstrating eligibility for the bonus.

ELIGIBLE NEW HOME

The bonus is available in respect of new homes (i.e., newly constructed and substantially renovated homes) where HST is payable. HST will generally be payable on homes purchased from a builder where ownership or possession transfer before April 1, 2013. Potential buyers should consult with the builder to determine if the home will be subject to the HST.

For owner-built homes, the bonus will be based on land and construction costs subject to the HST. Eligible new homes will include:

Detached Houses, semi-detached houses, duplexes and townhouses,
Residential condominium units,
Mobile homes and floating homes, and
Residential units in a cooperative housing corporation.

For More Information

INCOME TAXATION BRANCH

Ministry of Finance

Province of British Columbia

Telephone: (250) 387-3332 or 1 (877) 387-3332

Email: ITBTaxQuestions@gov.bc.ca