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Helping Homeowners and Buyers Navigate New Federal Tax Changes

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The federal government is introducing new tax changes that may impact homeowners and potential homebuyers beginning January 1, 2023. Here's what you need to know.

Multigenerational Home Renovation Tax Credit

This **tax credit** for families applies to eligible construction costs for those who wish to add a secondary unit to their home to allow an immediate or extended family member to live with them. To be eligible, the renovation must be completed in the owner's primary residence where they live with a senior or disabled person. The tax credit covers 15 per cent of costs to a maximum of \$7,500. Eligible expenses would include the cost of labour, building materials, equipment rentals and permits. Non-eligible expense examples include furniture, construction and equipment tools, routine repair or maintenance costs, household appliances and devices and landscaping or security services. Expenses must be supported by receipts.

Residential Property Flipping Rule

Individuals who purchase a residential property and sell it within 12 months of their purchase may be subject to the **Residential Anti-Flipping Rule**. Under the new rules, any profit from the sale of residential real estate (including rental property) within a year would be taxed as business income and ineligible for either the 50 per cent capital gains rate or the principal residence exemption.

Exemptions include:

- household addition, such as birth, adoption, or care of an elderly parent,
- breakdown of a marriage or common-law partnership,
- threat to personal safety, such as domestic violence,
- change in employment,
- insolvency, or
- involuntary disposition, such as from a natural or human-caused disaster.

REALTORS® can stay informed and help their clients understand what changes will impact them.

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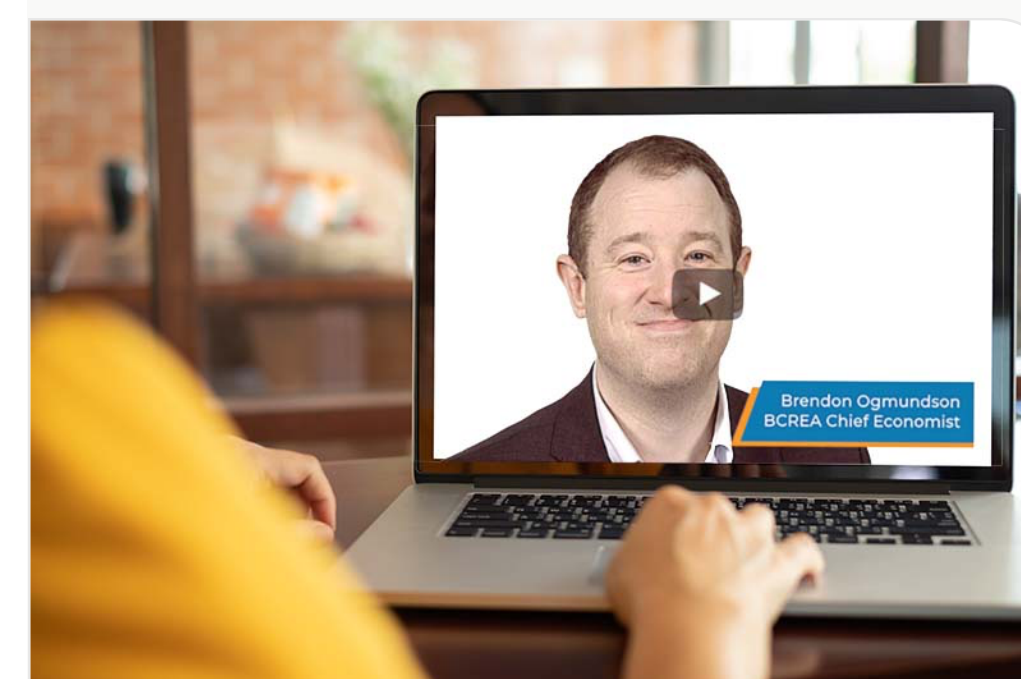
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