

Some home buyers will benefit from new tax measures – REALTORS® look to federal budget to address other issues

The tax changes outlined in the federal government's economic statement are one step in helping Canadians buy a new home, but the Canadian Real Estate Association says the government should include other initiatives in the next federal budget, including the outstanding election promise of addressing capital gains taxes.

"The one per cent cut in the GST will provide savings to new home buyers," says CREA CEO Pierre Beauchamp. For example, using the sliding GST scale that applies to the cost of new homes, a buyer of a \$375,000 house in British Columbia would save \$2,738.



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"The one per cent reduction in the GST will also help Canadians pay for home renovations, or in the purchase of appliances or furniture," Beauchamp added. According to research conducted by CREA, Canadians spend an average of \$7,475 on renovations when they buy a home, and spend another \$3,950 on furniture and appliances. The GST cut represents \$1,142 in savings based on these averages.

"But there are other potential measures the government could have considered that would help Canadians buy a home," Beauchamp noted. The Canadian Real Estate Association has proposed two other tax measures to the federal government. One would help first time home buyers, and the other would encourage

investment in rental properties.

The Association has recommended the federal government increase the personal maximum withdrawal allowed under the Home Buyers' Plan to \$25,000 from the current level of \$20,000. The current level has not been adjusted since the plan was launched in 1992. The adjustment, according to CREA, would at least keep the Home Buyers' Plan in step with inflation.

REALTORS® are asking the federal government to amend

the *Income Tax Act* to provide real property investors with the freedom to change asset classes without the financial penalties they currently face. Under our proposal, this would be achieved by allowing property investors to defer the Capital Gains Tax and the Capital Cost Allowance recovery on the sale of an investment property when the funds are reinvested into another within a specified time period.

"This change would allow investors to grow their real property investments, provide flexibility to their investment strategies, and encourage the upkeep of renovation of investment properties," Beauchamp added.

Source: Canadian Real Estate Association



Judy Ross
Royal LePage Westside

The Power of One

Volunteer for a municipal committee

In her 31-year career as a REALTOR®, Judy Ross has listed, marketed and sold many heritage properties and in-fill projects. Some were in Shaughnessy, and over the years Judy developed an in-depth knowledge of the area and its heritage, including the City's Heritage Conservation Program and its Heritage Bylaw. She also wanted to see the area's unique character remain. So Ross applied to the City's First Shaughnessy Design Panel.

"The City saw the value of having a REALTOR® on this panel, recognizing the skills and expertise we bring to the table," says Ross, who is now well into her second term (each term is two years).

"REALTORS®, it's worthwhile to volunteer for municipal committees," advises Ross. "It means REALTORS® have a voice on important issues."

→ If you are interested in applying for a municipal committee visit www.realtorlink.ca, open Lobbying & Legislation, then open Municipal Volunteer Committees for links to municipal volunteer opportunity pages.

Call-2-Action a success

In October, we asked REALTORS® to participate in the Canadian Real Estate Association's (CREA) Call-2-Action campaign.

We asked you to visit CREA's Call-2-Action website at www.letsbefair.com and send a letter to your MP about the unfairness of proposed new money laundering and terrorist financing regulations that apply only to REALTORS® and not to other professionals who can sell real estate such as lawyers. These new regulations are slated to become law in June 2008.

REALTORS® across Canada responded by sending more than 12,000 electronic letters to their MP and the Prime Minister. Twelve per cent or 1,447 were from BC.

As a result CREA representatives were able to meet with Federal Finance Minister Jim Flaherty to discuss REALTORS®' concerns.

Minister Flaherty agreed to revisit the proposed new rules and timelines for the regulations, review CREA's request for action on unresolved concerns and get back to us as soon as possible. Thank you, REALTORS®! Our voices do make a difference. We'll keep you posted with any updates.