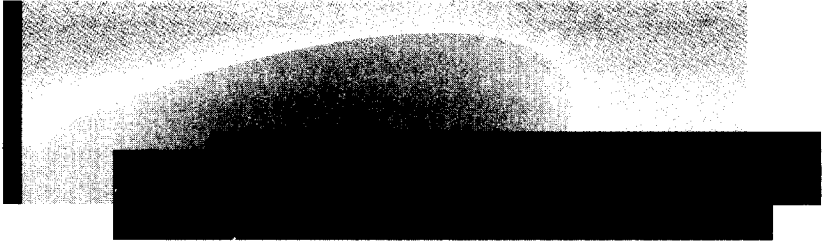


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Home Buyers' Plan – for 1996 Participants

La version française de cette publication est intitulée *Régime d'accèsion à la propriété — Participants pour 1996*.

The Home Buyers' Plan began on February 25, 1992, and was scheduled to end March 1, 1993. On December 2, 1992, the Minister of Finance extended the plan to March 1, 1994.

On February 22, 1994, the Minister of Finance announced that the Home Buyers' Plan would be extended indefinitely. This pamphlet contains information about the rules that apply to 1996 participants.

If you participated in the Home Buyers' Plan in 1995, get *the Home Buyers' Plan — For 1995 Participants* pamphlet for more information.

Your opinion counts!

We review this pamphlet each year. If you have any comments or suggestions that would help us improve the explanations it contains, we would like to hear from you.

Please send your comments to:

Client Services Directorate
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Introduction

The Home Buyers' Plan allows you to withdraw up to \$20,000 from your RRSPs to buy or build a qualifying home. Although you generally can participate in the Home Buyers' Plan only once in your lifetime, you may be able to make more than one withdrawal in 1996. You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts.

Under the Home Buyers' Plan, you have to repay these withdrawals to your RRSPs within a period of no more than 15 years. Generally, you will have to repay an amount to your RRSPs each year until you have repaid all of the amount you withdrew. If in any year you do not repay the amount you have to repay for that year, the amount you do not repay will be included in your income for that year.

Each year we will send you a statement indicating the amounts you have repaid, and the amount you will have to repay the next year. If you reach the age of 71 during the repayment period, special rules will apply to you.

If you made contributions to your RRSP or your spouse's RRSP during the 89-day period immediately before they are withdrawn under the Home Buyers' Plan, you may not be able to deduct all or part of those contributions when calculating your income for any year.

In the following pages, you will find information on how to participate in the Home Buyers' Plan, and the rules that apply to you if you become a participant in 1996.

Who can participate?

You can participate in the Home Buyers' Plan if you are the annuitant under an RRSP. If you are the annuitant under a locked-in RRSP, you may not be allowed to withdraw funds from it. Your RRSP issuer can give you more information about the types of RRSPs that you have.

How do you participate?

To participate in the Home Buyers' Plan in 1996, you have to withdraw an amount from your RRSP using Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1996*. You have to complete Form T1036 for each withdrawal that you make. You can get a copy of Form T1036 from your tax services office.

After you complete Areas I and II of Form T1036, give it to your RRSP issuer. Your RRSP issuer will not withhold tax from the funds you withdraw.

When you complete Form T1036, you have to certify that you meet or intend to meet a number of conditions. We discuss these conditions in the following section.

What conditions do you have to meet to participate in 1996?

You have to make your withdrawal request in 1996

To participate in the Home Buyers' Plan in 1996, you have to make your withdrawal request in 1996.

If you request to withdraw more than one amount from your RRSPs in 1996, and you receive one amount in 1996, and another amount in January 1997, you are considered to have received both amounts in 1996, and are considered a participant in the Home Buyers' Plan in 1996. However, if you receive the other amount after January 31, 1997, contact your tax services office to determine if that amount qualifies under the Home Buyers' Plan.

You cannot have previously participated

Generally, you can participate in the Home Buyers' Plan only once in your lifetime. If you participated in the Home Buyers' Plan before 1996, and you buy or build a qualifying home, you cannot participate in 1996, or any later year. If you participate in the Home Buyers' Plan in 1996, and you buy or build a qualifying home, you cannot participate in the future.

These conditions apply even if you sell the qualifying home that you bought or built, and repay your withdrawals.

Exception — In some cases, you may have cancelled your participation in the Home Buyers' Plan in 1996, or an earlier year, because you did not buy or build a qualifying home. If this applies to you, you can still participate in the Home Buyers' Plan in 1996. If you cancelled your participation because you became a non-resident before you bought or built a qualifying home, you may be able to participate at a later time if you again become a resident of Canada.

You have to be a resident of Canada

You have to be a resident of Canada at the time you receive funds from your RRSPs under the Home Buyers' Plan.

If you become a non-resident after you receive your funds but before you buy or build a qualifying home, see "Can you cancel your participation?" on page 11. If you become a non-resident after you buy or build a qualifying home, see "If you become a non-resident" on page 18.

If you are not sure whether you are a resident or non-resident of Canada, or you need more information about residency status, contact your tax services office.

You have to enter into a written agreement to buy or build a qualifying home

Another condition you have to meet at the time you withdraw an amount, is that you have entered into a written agreement to buy or build a qualifying home.

A qualifying home is a housing unit located in Canada. Existing homes and those being constructed are both qualifying homes. Single-family homes, semi-detached homes, townhouses, mobile homes, condominium units, and apartments in duplexes, triplexes, four-plexes, or apartment buildings, are all qualifying homes. A share in a co-operative housing corporation that entitles you to possess, and gives you an equity interest in, a housing unit is also a qualifying home. However, a share that only provides you with a right to tenancy in the housing unit is not considered a qualifying home.

Provided you buy or build a qualifying home and meet all the conditions for making a withdrawal under the Home Buyers' Plan, you can use the particular funds you withdrew under the Home Buyers' Plan for other purposes.

You can withdraw a total of \$20,000

You can withdraw up to \$20,000 under the Home Buyers' Plan. You can make more than one withdrawal as long as the total of your withdrawals is no more than \$20,000. For each withdrawal, you have to complete Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1996*.

Both you and your spouse can participate in the Home Buyers' Plan and can withdraw up to \$20,000 from your own RRSPs.

Note that the term **spouse** used throughout this pamphlet, applies to a legally married spouse and a common-law spouse. A common-law spouse is a person of the opposite sex who, at that particular time, is living with you in a common-law relationship, and:

- is your child's natural or adoptive parent (legal or in fact); or
- had been living with you in such a relationship for at least 12 continuous months, or had previously lived with you in such a relationship for at least 12 continuous months (when you calculate the 12 continuous months, include any period of separation of less than 90 days).

Once either of these two situations applies, we consider you to have a common-law spouse, except for any period that you were separated for 90 days or more because of a breakdown in the relationship. In this pamphlet, when we refer to **marriage** or **married**, it includes a common-law relationship between two people of the opposite sex when the conditions above are met.

You have to be considered a first-time home buyer

To participate in the Home Buyers' Plan in 1996, you have to be considered a first-time home buyer at the time you withdraw an amount from your RRSPs under the Home Buyers' Plan.

You are considered a first-time home buyer if, at any time during the period beginning January 1, 1992, and ending 31 days before your withdrawal in 1996, you did not own a home while you occupied it as your principal place of residence.

If at the time of your withdrawal you have a spouse, both you and your spouse may be considered first-time home buyers. However, in some cases, only one spouse may be considered a first-time home buyer. Each spouse can use the chart on page 8 to determine if they are considered a first-time home buyer.

For the purpose of the Home Buyers' Plan, a home is a housing unit, or a share of a co-operative housing corporation (the share must entitle you, the owner, to possess and have an equity interest in a housing unit owned by the corporation). If you previously acquired a share that provided you with only a right to tenancy, you may still be considered a first-time home buyer.

If you need help to determine if you are considered a first-time home buyer, refer to the chart on page 8. If you cannot participate in the Home Buyers' Plan in 1996, because you are not considered a first-time home buyer, refer to "If you cannot participate in 1996, can you participate in a later year?" on page 22.

If you want to withdraw more than one amount under the Home Buyers' Plan in 1996, make sure you are considered a first-time home buyer at the time you withdraw each amount. If you are not considered a first-time home buyer at the time you withdraw an amount, that amount will not qualify under the Home Buyers' Plan and must be included in your income.

Determining if you are considered a first-time home buyer

Step 1

Did you at any time during the period beginning January 1, 1992, and ending 31 days before you withdrew an amount from your RRSP under the Home Buyers' Plan in 1996, own a home while you occupied it as your principal place of residence?

If you answer **yes**, you are not considered a first-time home buyer and do not qualify to participate in the Home Buyers' Plan in 1996. To determine if you can participate in a later year, refer to "If you cannot participate in 1996, can you participate in a later year?" on page 22.

If you answer **no**, go to Step 2.

Step 2

Did you have a spouse at the time you withdrew an amount from your RRSP under the Home Buyers' Plan?

If you answer **yes**, go to Step 3.

If you answer **no**, you are considered a first-time home buyer.

Step 3

Does the following situation apply to you?

Your spouse owned a home and occupied it as his or her principal place of residence at any time during the period beginning January 1, 1992, and ending 31 days before you withdrew an amount from your RRSP under the Home Buyers' Plan in 1996, and at any time during the period that your spouse owned a home and occupied it as his or her principal place of residence, you were married and also occupied that home.

If you answer **yes**, you are not considered a first-time home buyer and do not qualify to participate in the Home Buyers' Plan in 1996. To determine if you can participate in a later year, see "If you cannot participate in the Home Buyers' Plan in 1996, can you participate in a later year?" on page 22.

If you answer **no**, you are considered a first-time home buyer.

You have to buy or build a qualifying home before October 1, 1997

Generally, if you participate in the Home Buyers' Plan in 1996, you have to buy or build a qualifying home before October 1, 1997.

You are considered to have bought or built a qualifying home if you bought or built it alone or with one or more individuals. If you are building a qualifying home, we consider you to have built the home on the date it becomes habitable.

Replacement property — If you do not buy or build the qualifying home indicated on Form T1036, you can:

- cancel your participation in the Home Buyers' Plan (for more information, see "Can you cancel your participation?" on page 11); or
- buy or build a different home, called a **replacement property**, before October 1, 1997.

A replacement property has to meet the same conditions as a qualifying home. You do not have to complete another Form T1036. Just send a letter to your tax centre giving your name, address, and social insurance number, as well as details of the replacement property. In addition, you have to certify in the letter that you intend to occupy the replacement property as your principal place of residence no later than one year after you buy or build it.

Note

If you have already withdrawn from your RRSPs the \$20,000 maximum allowed under the Home Buyers' Plan, you cannot make any more withdrawals to buy or build the replacement property.

Extensions — If you do not buy or build the qualifying home you indicated on Form T1036 (or a replacement property) before October 1, 1997, we still consider you to have met the deadline if you meet **either** of the following two conditions:

- you had a written agreement in effect before October 1, 1997, to buy or build a qualifying home or replacement property, and you buy or build the property no later than one year after the deadline (before October 1, 1998). In addition, you have to be a Canadian resident until you buy or build the property (see Example 1 on page 10); or
- you are building your home and you have already (before October 1, 1997) paid an amount at least equal to the total of your withdrawals, to the contractors or suppliers (with whom you deal at arm's length) for materials for the home being built, or towards its construction (see Example 2 on page 10).

Example 1

On February 10, 1996, Steven, a Canadian resident, enters into an agreement to buy a duplex, the ground floor of which he will occupy as his principal place of residence. Because of an existing lease, the possession date is May 4, 1998.

On February 20, 1996, Steven withdraws \$15,000 from his RRSPs under the Home Buyers' Plan. On May 4, 1998, he takes possession of the duplex and moves in.

Since Steven withdrew his funds in 1996, he has to buy the home before October 1, 1997. Although Steven took possession of the home after this deadline, he is considered to have bought the home by the deadline because he entered into the agreement to purchase the qualifying home before October 1, 1997, and he was a Canadian resident when he bought the qualifying home.

Example 2

In January 1996, Clare withdraws \$10,000 from her RRSPs under the Home Buyers' Plan. Earlier in the same month, she finalized a contract to have her home built, and paid \$2,000 to the contractor. Construction started in April 1996, so she paid \$5,000 then and a further \$6,000 in August 1997, for a total of \$13,000. Clare dealt at arm's length with the contractor.

Construction of the home is not completed until December 15, 1997, because the building materials arrived late.

Since Clare withdrew her funds in 1996, she has to have the home built before October 1, 1997. Although construction of the home is not completed until December 15, 1997, we consider Clare to have built her home by the deadline because the \$13,000 she paid towards its construction before this deadline is more than the total amount of her withdrawals (\$10,000), and because she dealt at arm's length with the contractor.

You intend to occupy the qualifying home as your principal place of residence

When you withdraw an amount from your RRSPs, you have to certify on Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1996*, that you intend to occupy the qualifying home as your principal place of residence no later than one year after buying or building the home. Once you occupy the home, there is no minimum period of time that you have to live there.

Example 3

Joan buys a qualifying home in Hull on September 1, 1996, and moves into it on December 1, 1996. Shortly after occupying the home, Joan's employer transfers her to Calgary.

Joan immediately puts her home up for sale and by February 1, 1997, she has sold her home and moved to Calgary. Joan is still considered a participant in the Home Buyers' Plan.

In some cases, you may not occupy the qualifying home by the date you certify on Form T1036. If this applies to you, you are still considered a participant in the Home Buyers' Plan because you intended to occupy the home as your principal place of residence no later than one year after buying or building it.

Can you cancel your participation?

In some circumstances, you **may** decide to cancel your participation in the Home Buyers' Plan. You cannot cancel your participation if you have met all of the conditions for participating in the plan.

However, you can cancel your participation if you do not buy or build a qualifying home. In addition, if you become a non-resident before buying or building a qualifying home or a replacement property, you **have to** cancel your participation in the Home Buyers' Plan.

To cancel your participation, you have to complete Area IV of the Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1996*, that you used to withdraw the funds. Give Form T1036 to the RRSP issuer who paid the funds to you with your cancellation repayment. You have to make this repayment before January 1, 1998.

You can have the repaid funds put into any RRSPs that you have with that issuer. The issuer will notify us that you have cancelled your participation in the Home Buyer's Plan by sending us a copy of Form T1036 with Area IV completed. If you repay the funds before January 1, 1998, you will not have to include any amount in your income.

If you do not repay the funds before January 1, 1998, you will have to include the unpaid amounts in your income for the year of withdrawal. If we have already assessed your return for that year, we will reassess it to include the unpaid amount.

Example 4

John and his spouse, Mary, each file a Form T1036 on April 10, 1996, to withdraw amounts from their RRSPs under the Home Buyers' Plan. John withdraws \$12,000 from his RRSPs and Mary withdraws \$14,000 from her RRSPs. They had entered into a written agreement on March 20, 1996, to purchase a qualifying home on September 12, 1996.

In August 1996, John and Mary decide not to purchase the home and to cancel their participation in the Home Buyers' Plan. John completes Area IV of the Form T1036 he had originally submitted, and returns \$12,000 to the RRSP issuer before 1998.

Mary also completes Area IV of the Form T1036 she had originally submitted, but she decides to keep \$6,000 of the withdrawn funds and returns only \$8,000 to the RRSP issuer before 1998. Mary has to report \$6,000 as income on her 1996 income tax return, because she did not return these funds to the RRSP issuer.

Repaying your withdrawals

Over a period of no more than 15 years, you have to repay the amounts you withdrew under the Home Buyers' Plan. Each year you have to repay 1/15 of the total amount you withdrew until the full amount is repaid to your RRSPs. If you participated in the Home Buyers' Plan in 1996, your 15 year repayment period begins for the year 1998, and ends for the year 2012. However, you may choose to begin your repayments at an earlier date.

Beginning in the fall of 1997, we will send you an annual repayment statement called *Statement of Account — Home Buyers' Plan*, that will tell you:

- the amounts you have repaid;
- the balance to be repaid; and
- the repayment you have to make for the next year.

How do you make your repayments?

To make a repayment under the Home Buyers' Plan for 1998, you have to contribute to your RRSPs after December 31, 1997, and no later than March 1, 1999 (you do not have to contribute the repayments to the same RRSPs from which you withdrew the funds). You may then be eligible to designate all or part of these contributions as a repayment under the Home Buyers' Plan for 1998. To designate your repayment, complete line 246 of Schedule 7, *RRSP Unclaimed Contributions, Transfers, and Designations of Repayments under the Home Buyers' Plan*, and file it with your 1998 return. If you do not have to file a return for 1998, you can designate your repayment using the 1998 version of Form T1037. Submit a copy of Form T1037 to your tax centre by April 30, 1999.

If you want to make a repayment before 1998, complete line 246 of Schedule 7 and file it with your income tax return for the year you want to designate your repayment.

Example 5

Arlie participates in the Home Buyers' Plan in 1996. He withdraws \$7,500 from his RRSPs to buy a qualifying home. Arlie has to repay \$500 to his RRSPs for 1998, which is 1/15 of the amount he withdrew. In the fall of 1997, we will send Arlie a repayment statement to tell him that his repayment for 1998 is \$500.

Arlie plans to contribute \$6,000 to his RRSPs in 1998, and designate \$500 of this amount as his repayment under the Home Buyers' Plan. To make this designation, Arlie has to file Schedule 7 with his 1998 return. On Schedule 7 Arlie will designate his 1998 repayment.

Contributions you cannot designate — Not all contributions you make to your RRSPs from January 1, 1998, to March 1, 1999, can be designated as a repayment under the Home Buyers' Plan for 1998. You cannot designate contributions that:

- are amounts you transfer directly to your RRSPs from a registered pension plan, deferred profit-sharing plan, registered retirement income fund, the Saskatchewan pension plan, or another RRSP;
- are amounts you can deduct as a recontribution of an excess qualifying withdrawal that you have designated in order to have a past-service pension adjustment approved;
- are amounts you contribute in the first 60 days of 1998, that you deduct on your 1997 return or designate as a repayment under the Home Buyers' Plan for 1997;
- represent amounts you receive in the year, such as retiring allowances, that you transfer to your RRSPs and deduct or will deduct on your return for that year; or
- you contribute to an RRSP that is no longer an RRSP at the end of the year you contribute it.

If you do not have an RRSP deduction limit for 1998, you can still contribute to your RRSPs and designate the amount you contribute as a repayment under the Home Buyers' Plan for 1998.

Note

An amount you designate as a repayment under the Home Buyers' Plan is not considered to be an RRSP contribution. You cannot claim a deduction for this amount on your return.

Example 6

In 1996, Robert withdraws \$6000 from his RRSPs to participate in the Home Buyers' Plan. Robert's repayment for 1998 is \$400 ($\$6,000 \div 15$).

In 1998, Robert contributes \$8,200 to his RRSPs. Robert's 1997 *Notice of Assessment* shows that he has an RRSP deduction limit of \$11,000 for 1998.

Robert files Schedule 7 with his 1998 return and designates \$400 of the total \$8,200 he contributed to his RRSPs as a repayment under the Home Buyers' Plan. Robert can deduct, on line 208 of his 1998 return, only \$7,800 of the contributions made to his RRSPs because the \$400 he designates as a repayment under the Home Buyers' Plan is not considered an RRSP contribution.

What happens if you repay less than the amount you have to repay?

If you designate an amount that is less than the amount you have to repay, you will have to include the difference on line 129 of your income tax return. The amount you include in your income is equal to the amount you have to repay, minus the amount you designate as a repayment for the year.

Example 7

Bev withdraws \$12,000 under the Home Buyers' Plan in 1996. For 1998, Bev's repayment is \$800 ($\$12,000 \div 15$). Bev contributes \$500 to her RRSPs in 1998, and files Schedule 7 with her return to designate the \$500 as a repayment under the Home Buyers' Plan.

Bev cannot claim a deduction for the \$500 contributed to her RRSPs as she designated those contributions as a repayment under the Home Buyers' Plan. She also has to include \$300 in her income on line 129 of her 1998 return. She determined this as follows:

Amount she has to repay for 1998	\$800
Minus: Amount she designates as repaid on Schedule 7	<u>500</u>
Amount she includes in income on line 129	\$300

What happens if you repay more than the amount you have to repay?

If you repay and designate more than the amount you have to repay, the balance you have to repay to your RRSPs for later years is reduced. Because your balance is reduced, the amount you have to repay in each following year will also be less.

The annual *Statement of Account — Home Buyers' Plan* that we send you takes into account any additional payments you make and gives you the repayment amount for the next year.

If you want to calculate the amount you have to repay for the following year, divide the balance to be repaid by the number of years remaining in your repayment period.

Example 8

In 1996, Gina withdraws \$16,500 from her RRSPs to participate in the Home Buyers' Plan. Her repayment for 1998 is \$1,100 ($\$16,500 \div 15$). Gina makes the repayment for 1998, and also for 1999, and 2000. In the year 2001, Gina receives an inheritance and decides to contribute \$8,000 to her RRSPs and designate that amount as a repayment under the Home Buyers' Plan for the year 2001. She calculates the amount she has to repay for the year 2002, using the chart below.

Calculating the annual amount Gina has to repay				
Year	Balance to be repaid at the beginning of the year	Amount Gina has to repay for the year	Amount Gina designates as a repayment for the year	Balance remaining unpaid for the following year
1998	\$16,500	\$1,100 ($16,500 \div 15$)	\$1,100	\$15,400
1999	\$15,400	\$1,100 ($15,400 \div 14$)	\$1,100	\$14,300
2000	\$14,300	\$1,100 ($14,300 \div 13$)	\$1,100	\$13,200
2001	\$13,200	\$1,100 ($13,200 \div 12$)	\$8,000	\$5,200
2002	\$5,200	\$472.73 ($5,200 \div 11$)	\$472.73	\$4,727.27

Situations where the repayments have to be made in less than 15 years

Additional repayment rules apply if a Home Buyers' Plan participant:

- dies;
- becomes a non-resident; or
- reaches the age of 71.

If the participant dies

If a Home Buyers' Plan participant dies, the legal representative has to include, in the deceased's income for the year of death, the total of all amounts that remain to be repaid.

Example 9

John dies in the year 2002. He participated in the Home Buyers' Plan and at the time of death had a balance of \$7,000 to be repaid to his RRSPs. John's legal representative has to include \$7,000 as income on line 129 of John's final return for the year 2002.

If at the time of the participant's death there is a surviving spouse who is a resident of Canada, the surviving spouse can elect, jointly with the deceased's legal representative, to make the repayments under the Home Buyers' Plan and to not have the income inclusion rule apply for the deceased. The amount that remains to be repaid is then treated as if the surviving spouse withdrew it under the Home Buyers' Plan and has to be repaid to the surviving spouse's RRSPs. If at the time of death the surviving spouse is also a participant, the amount will be added to the surviving spouse's unpaid balance.

To make this joint election, a letter signed by both the surviving spouse and the deceased's legal representative should be attached to the deceased's return for the year of death. The letter should state that an election is being made to have the surviving spouse continue making repayments under the Home Buyers' Plan and to not have the income inclusion rule apply for the deceased.

The election can be made if any of the following situations apply:

- at the time of death, only the deceased was participating in the Home Buyers' Plan;
- at the time of death, only the surviving spouse was participating in the Home Buyers' Plan (this can happen if the deceased spouse had applied to participate but had not yet received an amount from his or her RRSPs at the time of death); or

- at the time of death both spouses were participating in the Home Buyers' Plan, and their repayment periods are identical.

Generally, if the surviving spouse who was not participating in the Home Buyers' Plan elects to continue making the repayments for the deceased spouse, the surviving spouse is considered a participant and cannot make a withdrawal from any RRSP under the Home Buyers' Plan.

Example 10

Ron dies June 10, 1999. At the time of death, Ron is a participant in the Home Buyers' Plan but his spouse, Joanne, is not. At the time of death, Ron has a balance of \$7,000 to be repaid under the Home Buyers' Plan.

Unless Joanne elects to be considered the participant in the Home Buyers' Plan for the amounts Ron has not repaid, the \$7,000 unpaid balance has to be included on Ron's 1999 final return.

Joanne, who is the legal representative of the estate, decides to be considered the participant in the Home Buyers' Plan and elects in writing in Ron's 1999 final return to be the participant and to not have the income inclusion rules apply for Ron. Joanne will then make the repayments to her RRSPs under the Home Buyers' Plan for later years.

Because Joanne is considered a participant in the Home Buyers' Plan, she cannot make a withdrawal from her RRSPs under the Home Buyers' Plan.

Example 11

Florence and Jason are married. In 1996, they each withdraw \$20,000 from their respective RRSPs to participate in the Home Buyers' Plan. The repayment period for both Florence and Jason is from 1998 to 2012.

On December 7, 2002, Florence dies. At that point, she still has \$12,000 of her total withdrawal left to repay. She has already made her repayment for 2002.

Jason, who is the legal representative of the estate, attaches a letter to her final return to state that he is electing to repay the balance remaining under the Home Buyers' Plan of \$12,000 to his RRSPs and to not have the income inclusion rule apply for Florence. The unpaid balance of \$12,000 does not have to be included in Florence's income for 2002. Jason can make this election because both his and Florence's repayment periods are identical (1998 to 2012).

At the time Florence died, Jason had made his repayment for 2002. His balance to be repaid is \$10,000. Florence's unpaid balance of \$12,000 is added to Jason's 10,000, and he will have to repay \$22,000 over the course of the next 10 years (2003 to 2012, inclusive). In 2003, he has to repay \$2,200, determined as $(\$10,000 + \$12,000) \div 10$ years.

Example 12

Janice and Bill marry on June 5, 2002. At that time, both Janice and Bill are participants in the Home Buyers' Plan.

Janice made her withdrawal under the Home Buyers' Plan in 1996, and her repayment period is 1998 to 2012. Bill made his withdrawal under the Home Buyers' Plan in 1998, and his repayment period is 2000 to 2014.

In 2004, Bill dies, leaving an unpaid balance under the Home Buyers' Plan. Janice cannot elect to continue making Bill's repayments since she is participating in the Home Buyers' Plan and her repayment period is not identical to Bill's.

Bill's unpaid balance will have to be included on his 2004 final return.

If you become a non-resident

You may cease to be a resident of Canada after you buy or build a qualifying home. If this is the case, you have to repay the balance of the funds you withdrew under the Home Buyers' Plan before the date you have to file your return for the year, or no later than 60 days after you cease to be a Canadian resident, whichever date is earlier. If you do not make the repayment by this deadline, you have to include the amount that you have not repaid in your income for the year that you became a non-resident. The amount is included in income for the period you were resident in Canada.

Example 13

In 1996, Jeannie withdraws \$10,000 from her RRSPs under the Home Buyers' Plan to buy a qualifying home. On November 10, 2000, she leaves Canada to live in France. At that time, her balance remaining to be repaid is \$4,000.

Jeannie has 60 days after becoming a non-resident, that is until January 9, 2001, to repay the balance. She contributes \$2,500 to her RRSPs on December 2, 2000, and \$1,000 to her RRSPs on January 7, 2001, for a total contribution of \$3,500. Jeannie completes and files Schedule 7 with her 2000 return to designate this contribution as a repayment under the Home Buyers' Plan. Because she has not repaid the full amount, Jeannie has to include \$500 in her 2000 income, calculated as $\$4,000 - (\$2,500 + \$1,000)$.

If you reach 71 years of age

Since you cannot have an RRSP after the year in which you reach the age of 71, you will not be able to repay your withdrawals made under the Home Buyers' Plan after that year. In the year you reach the age of 71, you can choose to repay the unpaid balance under the Home Buyers' Plan. Otherwise, you have to include in your income, for each later year as it becomes due, the amount that would have been your annual repayment.

Example 14

Mary withdraws \$18,000 from her RRSPs in 1996, to participate in the Home Buyers' Plan. Mary is 67 at the time of her withdrawal. In 2000, Mary reaches the age of 71.

Mary repays the amount of \$1,200 for 1998, and 1999, to her RRSPs and at the beginning of 2000, has a balance of \$15,600 to repay to her RRSPs. Since Mary reaches the age of 71 in 2000, that is the last year she can contribute to her RRSPs.

Mary has to decide how much of the \$15,600 to repay to her RRSPs in 2000. Mary decides to contribute \$10,000 to her RRSPs and to designate that amount as a repayment under the Home Buyers' Plan. This leaves her with an unpaid balance of \$5,600 at the end of 2000. Mary will have to include \$466.67 ($\$5,600 \div 12 = \466.67) in income for each year from 2001 to 2012.

If Mary had not repaid any part of the \$15,600, she would have had to include \$1,200 in income each year from 2000 to 2012. If Mary had repaid the entire \$15,600, she would not have had to include any part of this amount in her income.

Is your 1996 RRSP deduction affected by your or your spouse's participation?

The Home Buyers' Plan allows you to use your RRSP funds to buy or build a qualifying home. If you participate in the Home Buyers' Plan in 1996, certain rules limit your RRSP deduction for contributions you made to your RRSP during the 89-day period immediately before your withdrawal under the Home Buyers' Plan. Under these rules, you may not be able to deduct all or part of the contributions made during that period for any year.

The amount that is not deductible is the amount, if any, by which the total of your contributions to an RRSP during the 89-day period immediately before your withdrawal from that RRSP, exceeds the fair market value of that RRSP after your withdrawal.

The same rules apply if you contributed to your spouse's RRSP during the 89-day period immediately before your spouse's withdrawal from the same RRSP under the Home Buyers' Plan.

You and your spouse can use the chart on pages 20 and 21 to determine the portion of the contributions you or your spouse made that is not deductible for any year.

Calculating the portion of the RRSP contributions you or your spouse made to an RRSP that are not deductible for any year

Use a separate chart for each withdrawal made under the Home Buyers' Plan.

Area I — Complete this area if you are the only one who contributed to your RRSP during the 89-day period immediately before you withdrew an amount from that RRSP

1. RRSP number _____
2. Amounts you contributed to the above RRSP during the 89-day period immediately before your withdrawal under the Home Buyers' Plan from that RRSP. * _____ 2
3. Fair market value of the property held in the above RRSP immediately after your withdrawal. _____ 3
4. Line 2 **minus** line 3 (if negative, enter "0"). This is the amount of your contribution to the above RRSP that you cannot deduct for any year. _____ 4

Area II — Complete this area if you contributed to your spouse's RRSP during the 89-day period immediately before your spouse withdrew an amount from that RRSP

5. RRSP number _____
6. Amounts you and your spouse contributed to the above RRSP during the 89-day period immediately before your spouse's withdrawal under the Home Buyers' Plan from that RRSP. ** _____ 6
7. Fair market value of the property held in the above RRSP immediately after your spouse's withdrawal. _____ 7
8. Line 6 **minus** line 7 (if negative, enter "0"). This is the amount of the contributions to the above RRSP that is not deductible for any year. *** _____ 8

* **Do not include:**

- any amounts for which you did not receive an official RRSP receipt;
- contributions you made for amounts that you transferred to this RRSP;
- the excess amount that you withdrew from your RRSPs in connection with the certification of a provisional past-service pension adjustment (PSPA) that you recontributed to this RRSP in 1996, and for which you claim or will claim a deduction; or
- an amount you contributed to this RRSP that was refunded to you as an undeducted amount (you may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Undeducted RRSP Contributions Made in 19__*).

** **Do not include:**

- any amounts for which you or your spouse did not receive an official RRSP receipt;
- contributions your spouse made for amounts that your spouse transferred to this RRSP;
- the excess amount that your spouse withdrew from your spouse's RRSPs in connection with the certification of a provisional past-service pension adjustment (PSPA) that your spouse recontributed to this RRSP in 1996, and for which your spouse claims or will claim a deduction; or
- an amount you or your spouse contributed to this RRSP that was refunded to you or your spouse as an undeducted amount (you or your spouse may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Undeducted RRSP Contributions Made in 19__*).

*** If both you and your spouse contributed to the above RRSP during the 89-day period immediately before your spouse's withdrawal under the Home Buyers' Plan, the earliest contributions made during this period are the non-deductible contributions.

If you cannot participate in 1996, can you participate in a later year?

If you cannot participate in the Home Buyers' Plan in 1996, because you are not considered a first-time home buyer, you may be able to participate in the Home Buyers' Plan in a later year.

If in 1992, you or your spouse sold the home you occupied as your principal place of residence and neither you nor your spouse owned a home while you occupied it as your principal place of residence after that date, you may be able to participate in the Home Buyers' Plan in 1997. If you sold the home in 1993, you may be able to participate in 1998, or if you sold the home in 1994, you may be able to participate in 1999.

If you want to participate in the Home Buyers' Plan in a later year, contact your tax services office at that time for more information.

Do you need more information?

If you need more information after reading this pamphlet, call, write, or visit the General Enquiries service of your Revenue Canada tax services office. You can find the Revenue Canada addresses and telephone numbers in the Government of Canada listing in your telephone book under Revenue Canada.

You can find information on how to complete your income tax return in your income tax guide. You may receive the guide by mail, or you can pick one up at any post office, or from us.

For general and personal income tax information, you can call our automated Tax Information Phone Service (T.I.P.S.) using a push-button, tone-signaling phone and Touch-Tone™ service. You can find the T.I.P.S. telephone number in the Government of Canada listings in your telephone book under Revenue Canada.

If you use a Telecommunication Device for the Deaf (TDD), you can get tax information by calling our toll-free, bilingual TDD enquiry service at ~~1-800-665-0354~~.

Our Community Volunteer Program trains volunteers who help people to complete their returns. We offer short training sessions to representatives of community organizations and other volunteers to teach them how to complete a basic tax return. These volunteers offer assistance, free of charge, through their community organization. If you would like to use this service, please call us.

Other pamphlets in this series

Here is a list of other pamphlets in this series. They may help to answer specific questions. You can get copies of these and other pamphlets from us.

- Alimony or Maintenance
- Gifts and Income Tax
- Paying Your Income Tax by Instalments
- Students and Income Tax
- Tax Information for People with Disabilities
- Using Your Home for Day Care
- When You Retire