



Home Buyers' Plan (HBP) – For 1997 Participants



The HBP began on February 25, 1992. On February 22, 1994, the Minister of Finance announced that the HBP would be extended indefinitely. This pamphlet contains information about the rules that apply to 1997 participants.

If you participated in the HBP in 1996, get the *Home Buyers' Plan – For 1996 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:

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La version française de cette publication est intitulée *Régime d'accèsion à la propriété (RAP) – Participants pour 1997*.

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Introduction

The Home Buyers' Plan (HBP) 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 HBP only once in your lifetime, you may be able to make more than one withdrawal in 1997. You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts.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 HBP, 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 69 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If you made contributions to your RRSP or your spouse's RRSP during the 89-day period immediately before they are withdrawn under the HBP, you may not be able to deduct all or part of those contributions when calculating your income for any year.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 HBP, and the rules that apply to you if you become a participant in 1997.

Who can participate?

You can participate in the HBP 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 HBP in 1997, you have to withdraw an amount from your RRSP in 1997 using Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1997*. 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 1 and 2 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 1997?

You have to withdraw an amount from your RRSP in 1997

To participate in the HBP in 1997, you have to withdraw an amount from your RRSP in 1997. You can withdraw more than one amount in 1997. If you ask to withdraw more than one amount in 1997, and you receive one amount in 1997, and another amount in January 1998, we consider you to have received both amounts in 1997. In this case, we consider you a participant in the HBP in 1997. However, if you receive the other amount after January 31, 1998, contact your tax services office to determine if that amount qualifies under the HBP.

You did not participate before 1997

Generally, you can participate in the HBP only once in your lifetime. If you participated in the HBP before 1997, and you buy or build a qualifying home, you cannot participate in 1997 or any later year. If you participate in the HBP in 1997, 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 HBP in 1997, 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 HBP in 1997. 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 when you receive funds from your RRSPs under the HBP.

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 when 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 to participate in the HBP, you can use the funds you withdrew under the HBP for other purposes.

You can withdraw a total of \$20,000

You can withdraw up to \$20,000 from your RRSPs under the HBP. You can make more than one withdrawal as long as the total of your withdrawals is no more than \$20,000. If you purchase the qualifying home together with your spouse or other individuals, each individual can withdraw up to \$20,000. For each withdrawal, you have to complete Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1997*.

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 HBP in 1997, you have to be considered a first-time home buyer when you withdraw an amount from your RRSPs under the HBP.

You are not considered a first-time home buyer if, at any time during the period beginning January 1, 1993, and ending 31 days before your withdrawal in 1997, you owned a home while you occupied it as your principal place of residence.

For the purpose of the HBP, 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 want to withdraw more than one amount under the HBP in 1997, make sure you are considered a first-time home buyer when you withdraw each amount. If you are not considered a first-time home buyer when you withdraw an amount, that amount will not qualify under the HBP and you have to include it in your income.

If at the time of your withdrawal you have a spouse, it is possible that only one of you will 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 the next page. If you cannot participate in the HBP in 1997, because you are not considered a first-time home buyer, refer to "If you cannot participate in 1997, can you participate in a later year?" on page 22.

Determining if you are considered a first-time home buyer

Step 1

Did you at any time during the period beginning January 1, 1993, and ending 31 days before you withdrew an amount from your RRSP under the HBP in 1997, 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 you do not qualify to participate in the HBP in 1997.

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

Step 2

Did you have a spouse when you withdrew an amount from your RRSP under the HBP?

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, 1993, and ending 31 days before you withdrew an amount from your RRSP under the HBP in 1997, 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 HBP in 1997.

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

You have to buy or build a qualifying home before October 1, 1998

Generally, if you participate in the HBP in 1997, you have to buy or build a qualifying home before October 1, 1998.

We consider you 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.

Note

You cannot participate in the HBP if you or your spouse owned the qualifying home more than 30 days before the date of your withdrawal.

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

- cancel your participation in the HBP (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, 1998.

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 the Ottawa Tax Centre, Ottawa, ON K1A 1A3, giving your name, address, and social insurance number, as well as the address and phone number 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 HBP, 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, 1998, 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 on October 1, 1998, to buy or build a qualifying home or replacement property, and you buy or build the property before October 1, 1999. 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 before October 1, 1998, you 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, 1997, 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, 1999.

On February 20, 1997, Steven withdraws \$15,000 from his RRSPs under the HBP. On May 4, 1999, he takes possession of the duplex and moves in.

Since Steven withdrew his funds in 1997, he has to buy the home before October 1, 1998. Although Steven took possession of the home after this deadline, we consider him to have bought the home by the deadline because he entered into the agreement to purchase the qualifying home before October 1, 1998, and he is a Canadian resident when he buys the qualifying home.

Example 2

In January 1997, Clare withdraws \$10,000 from her RRSPs under the HBP. 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 1997, and she paid \$5,000 then and a further \$6,000 in August 1998, 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, 1998, because the building materials arrived late.

Since Clare withdrew her funds in 1997, she has to have the home built before October 1, 1998. Although construction of the home is not completed until December 15, 1998, 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 1997*, 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 Ottawa on September 1, 1997, and moves into it on December 1, 1997. Shortly after occupying the home, Joan's employer transfers her to Calgary.

Joan immediately puts her home up for sale and by February 1, 1998, she has sold her home and moved to Calgary. We still consider Joan a participant in the HBP.

In some cases, you may not occupy the qualifying home by the date you certify on Form T1036. If this applies to you, we still consider you a participant in the HBP 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 cancel your participation in the HBP. 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 HBP. However, if you have met all the conditions for participating in the plan, you cannot cancel your participation.

To cancel your participation, you have to complete Area 4 of the Form T1036, *Applying to Withdraw an Amount Under the Home Buyers' Plan in 1997*, that you used to withdraw the funds. Give Form T1036 to the RRSP issuer who paid the funds to you along with your cancellation repayment. You have to make this repayment before 1999.

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 4 completed. If you repay the funds before 1999, you will not have to include any amount in your income.

If you do not repay the funds before 1999, 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

Jason and his spouse, Karen, each file a Form T1036 on April 10, 1997, to withdraw amounts from their RRSPs under the HBP. Jason withdraws \$12,000 from his RRSPs and Karen withdraws \$14,000 from her RRSPs. They had entered into a written agreement on March 20, 1997, to purchase a qualifying home on September 12, 1997.

In August 1997, Jason and Karen decide not to purchase the home and to cancel their participation in the HBP. Jason completes Area 4 of the Form T1036 he had originally submitted, and returns \$12,000 to the RRSP issuer before 1999.

Karen also completes Area 4 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 1999. Karen has to report \$6,000 as income on her 1997 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 to your RRSPs the amounts you withdrew under the HBP. 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 participate in the HBP in 1997, your 15 year repayment period begins for the year 1999, and ends for the year 2013. However, you may choose to begin your repayments earlier.

Beginning in the fall of 1998, we will send you an annual repayment statement called *Statement of Account – Home Buyers' Plan*, that will tell you the amount 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 HBP for 1999, you have to contribute to your RRSPs after 1998, and no later than March 1, 2000 (you can contribute the repayments to any of your RRSPs). You may then be eligible to designate all or part of these contributions as a repayment under the HBP for 1999. If you participate in the HBP in 1997, you can choose to make your repayments before 1999.

Note

You cannot designate a contribution you made to your spouse's RRSPs (or a contribution your spouse made to your RRSPs) as a repayment for your withdrawal under the HBP.

To designate your repayment for 1999, complete Schedule 7, *RRSP Unclaimed Contributions, Transfers, and Designations of Repayments Under the Home Buyers' Plan*, (in your tax package) and file it with your 1999 return. If you do not have to file a return for 1999, you can designate your repayment using Form T1037, *Designating Contributions you made to your RRSPs as your Repayment under the Home Buyers' Plan for 19__*. Submit a copy of Form T1037, together with the official RRSP receipt, to the Ottawa Tax Centre by April 30, 2000.

Example 5

Arlie participates in the HBP in 1997. He withdraws \$7,500 from his RRSPs to buy a qualifying home. In the fall of 1998, we will send Arlie a repayment statement to tell him that his repayment for 1999 is \$500, which is 1/15 of the amount he withdrew.

Arlie contributes \$6,000 to his RRSPs in 1999. To designate \$500 as his 1999 repayment, Arlie has to file Schedule 7 with his 1999 return.

Contributions you cannot designate – Not all contributions you make from January 1, 1999, to March 1, 2000, can be designated as a repayment under the HBP for 1999. You cannot designate contributions that:

- you make to your **spouse's RRSPs** (or that your spouse makes to your RRSPs);
- 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 1999, that you deduct on your 1998 return or designate as a repayment for 1998 under the HBP;
- 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 make to an RRSP that is no longer an RRSP at the end of the year you make them.

If you do not have an RRSP deduction limit for 1999, you can still contribute to your RRSPs and designate the amount you contribute as a repayment under the HBP for 1999.

Note

We do not consider an amount you designate as a repayment under the HBP to be an RRSP contribution. Therefore, you cannot claim a deduction for this amount on your return.

Example 6

In 1997, Robert withdraws \$6000 from his RRSPs to participate in the HBP. Robert's repayment for 1999 is \$400 ($\$6,000 \div 15$).

In 1999, Robert contributes \$8,200 to his RRSPs. Robert could deduct the full amount on his 1999 return because his *Notice of Assessment* shows that he has an RRSP deduction limit of \$11,000 for 1999.

Robert files Schedule 7 with his 1999 return and designates \$400 of the total \$8,200 he contributed to his RRSPs as a repayment under the HBP. Robert can deduct, on line 208 of his 1999 return, only \$7,800 of the contributions made to his RRSPs because we do not consider the \$400 he designates as a repayment under the HBP as 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 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. The amount you include in income cannot be more than the result of this calculation.

Example 7

Bev withdraws \$12,000 under the HBP in 1997. For 1999, Bev's repayment is \$800 ($\$12,000 \div 15$). Bev contributes \$500 to her RRSPs in 1999, and files Schedule 7 with her return to designate the \$500 as a repayment under the HBP. She cannot claim a deduction for the \$500 contributed to her RRSPs because she designated those contributions as a repayment under the HBP.

Bev has to include \$300 in her income on line 129 of her 1999 return. She determined this as follows:

Amount she has to repay for 1999	\$800
Minus: Amount she designates as a repayment on Schedule 7	- 500
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 next year, divide the balance to be repaid by the number of years remaining in your repayment period.

Example 8

In 1997, Gina withdraws \$16,500 from her RRSPs to participate in the HBP. Her repayment for 1999 is \$1,100 ($\$16,500 \div 15$). Gina makes the repayment for 1999, and also for 2000 and 2001. In the year 2002, Gina receives an inheritance and decides to contribute \$8,000 to her RRSPs and designate that amount as a repayment under the HBP for the year 2002. She calculates the amount she has to repay for the year 2003, 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
1999	\$16,500	\$1,100 ($16,500 \div 15$)	\$1,100	\$15,400
2000	\$15,400	\$1,100 ($15,400 \div 14$)	\$1,100	\$14,300
2001	\$14,300	\$1,100 ($14,300 \div 13$)	\$1,100	\$13,200
2002	\$13,200	\$1,100 ($13,200 \div 12$)	\$8,000	\$5,200
2003	\$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 an HBP participant:

- dies;
- becomes a non-resident; or
- cannot have an RRSP.

If the participant dies

If an HBP 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 2003. He had participated in the HBP 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 2003.

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 HBP 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 HBP, and it 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.

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

- only the deceased was participating in the HBP;
- both spouses were participating in the HBP, and their repayment periods are identical; or
- only the surviving spouse was participating in the HBP (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).

To make a 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 HBP and to not have the income inclusion rule apply for the deceased.

Generally, if the surviving spouse who was not participating in the HBP 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 HBP.

Note

If an election is made and the deceased had not made a repayment for the year of death, no repayment will be required for that year for the deceased.

Example 10

Ron dies June 10, 2000. At the time of death, Ron is a participant in the HBP but his spouse, Joanne, is not. At the time of death, Ron has a balance of \$7,000 to be repaid under the HBP.

Unless Joanne elects to be considered the participant in the HBP for the amounts Ron has not repaid, the \$7,000 unpaid balance has to be included on Ron's 2000 final return.

Joanne, who is the legal representative of the estate, decides to be considered the participant in the HBP and elects in writing in Ron's 2000 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 HBP for later years.

Because Joanne is considered a participant in the HBP, she cannot make a withdrawal from her RRSPs under the HBP.

Example 11

Gert and David are married. In 1997, they each withdraw \$20,000 from their respective RRSPs to participate in the HBP. The repayment period for both Gert and David is from 1999 to 2013.

On December 7, 2003, Gert dies. At that point, she still has \$12,000 of her total withdrawal left to repay. She had not made her repayment for 2003.

David, 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 HBP of \$12,000 to his RRSPs and to not have the income inclusion rule apply for Gert. The unpaid balance of \$12,000 does not have to be included in Gert's income for 2003. David can make this election because both his and Gert's repayment periods are identical (1999 to 2013).

When Gert died, David had made his repayment for 2003. His balance to be repaid is \$10,000. At the time of death, Gert had not yet made her repayment for 2003, and had an unpaid balance of \$12,000. A repayment for Gert for the year of death does not have to be made. Instead, Gert's unpaid balance of \$12,000 is added to David's 10,000, and he will have to repay \$22,000 over the next 10 years (2004 to 2013, 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, 2003. At the time, both Janice and Bill are participants in the HBP.

Janice made her withdrawal under the HBP in 1997, and her repayment period is 1999 to 2013. Bill made his withdrawal under the HBP in 1999, and his repayment period is 2001 to 2015.

In 2005, Bill dies, leaving an unpaid balance under the HBP. Janice cannot elect to continue making Bill's repayments since she is participating in the HBP and her repayment period is not identical to Bill's.

Bill's unpaid balance will have to be included on his 2005 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 HBP 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 1997, Jeannie withdraws \$10,000 from her RRSPs under the HBP to buy a qualifying home. On November 10, 2001, 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, 2002, to repay the balance. She contributes \$2,500 to her RRSPs on December 2, 2001, and \$1,000 to her RRSPs on January 7, 2002, for a total contribution of \$3,500. Jeannie completes and files Schedule 7 with her 2001 return to designate this contribution as a repayment under the HBP. Because she has not repaid the full amount, Jeannie has to include \$500 in her 2001 income, calculated as $\$4,000 - (\$2,500 + \$1,000)$.

If you cannot have an RRSP

Under proposed law, you can have an RRSP only up to the end of the year you reach the age of 69. Previously you could have an RRSP up to the end of the year in which you reached the age of 71. After you reach the age of 69, you will not be able to repay your withdrawals made under the HBP. In the year you reach the age of 69, you can choose to repay the total unpaid balance. Otherwise, you have to include in your income, for each later year as it becomes due, the amount that would be your annual repayment.

Exception – If you are 69 or 70 years of age on December 31, 1996, you can have an RRSP up to and including December 31, 1997. Since you cannot have an RRSP after 1997, you will not, after 1997, be able to repay to your RRSPs the withdrawals you made under the HBP. In this case, you can choose to repay the total unpaid balance in 1997. Otherwise, you have to include in your income, for each later year as it becomes due, the amount that would be your annual repayment.

Example 14

Mary withdraws \$18,000 from her RRSPs in 1997, to participate in the HBP. Mary is 65 at the time of her withdrawal. In 2001, Mary reaches the age of 69.

Mary repays the amount of \$1,200 for 1999 and 2000, and at the beginning of 2001 has a balance of \$15,600 to repay to her RRSPs. Since Mary reaches the age of 69 in 2001, this 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 2001. Mary decides to contribute \$10,000 to her RRSPs and to designate that amount as a repayment under the HBP. This leaves her with an unpaid balance of \$5,600 at the end of 2001. Mary will have to include \$466.67 ($\$5,600 \div 12 = \466.67) in income for each year from 2002 to 2013.

If Mary did not repay any part of the \$15,600, she would have to include \$1,200 in income each year from 2001 to 2013. If Mary repaid the entire \$15,600, she would not have to include any part of this amount in her income.

Is your 1997 RRSP deduction affected by your or your spouse's participation?

If you participate in the HBP in 1997, certain rules limit your RRSP deduction for contributions you made to your RRSP during the 89-day period immediately before your withdrawal under the HBP. 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, are more than 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 HBP.

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

Calculating the portion of the contributions you or your spouse made to an RRSP that is not deductible for any year	
Use a separate chart for each withdrawal made under the HBP.	
Area 1 – 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 HBP 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 2 – 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 HBP 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 that you recontributed to this RRSP in 1997, 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 that your spouse recontributed to this RRSP in 1997, 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 HBP, the earliest contributions made during this period are the non-deductible contributions.

If you cannot participate in 1997, can you participate in a later year?

If you cannot participate in the HBP in 1997, because you are not considered a first-time home buyer, you may be able to participate in the HBP in a later year.

If in 1993, 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 HBP in 1998. If you sold the home in 1994, you may be able to participate in 1999, or if you sold the home in 1995, you may be able to participate in 2000.

If you want to participate in the HBP 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 listings in your telephone book under Revenue Canada.

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

For general and personal income tax information, you can call our automated Tax Information Phone Service (T.I.P.S.). You can find the 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 Income Tax 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.