

## How does the Home Renovation Tax Credit play out on my taxes for 2009?

Here are 3 scenarios on how the Home Renovation Tax Credit effects your tax:

	Scenario 1	Scenario 2	Scenario 3
<b>Total Income:</b>			
Employment income	50,000.00	85,000.00	-
Actual amount of dividends other than eligible	-	-	102,000.00
Dividend gross-up	-	-	25,500.00
Total & taxable income	50,000.00	85,000.00	127,500.00
(these scenarios do not include RRSP, child care, etc. deductions from income)			
<b>Personal amounts:</b>			
Basic personal amount	10,320.00	10,320.00	10,320.00
CPP contributions	2,118.60	2,118.60	-
Employment insurance premiums	731.79	731.79	-
Canada employment amount	1,044.00	1,044.00	-
Home Renovation Tax Credit	10,000.00	10,000.00	10,000.00
Less base amount	(1,000.00)	(1,000.00)	(1,000.00)
	23,214.39	23,214.39	19,320.00
Personal credits X 15% (non-refundable tax credits)	3,482.16	3,482.16	2,898.00
<b>Calculation of Federal Tax:</b>			
15% on the first \$40,726	6,108.90	6,108.90	6,108.90
22% on \$40,426 to \$81,452	2,040.28	8,959.94	8,959.94
26% on \$81,452 to \$126,264	-	922.48	11,651.12
29% on the remaining amount	-	-	358.44
Total federal tax	8,149.18	15,991.32	27,078.40
Less: Non-refundable credits	(3,482.16)	(3,482.16)	(2,898.00)
Dividend tax credit	-	-	(17,000.00)
Basic Federal Tax	4,667.02	12,509.16	7,180.40
<b>Calculation of Provincial Tax Payable:</b>			
Total Alberta tax payable	3,037.46	6,537.46	6,610.00
Total Federal & Provincial Amounts Payable	7,704.48	19,046.62	13,790.40
Add payroll taxes: EI Premiums	731.79	731.79	-
Add payroll taxes: CPP contributions	2,118.60	2,118.60	-
<b>Total tax, premiums &amp; contributions</b>	<b>10,554.87</b>	<b>21,897.01</b>	<b>13,790.40</b>
Less estimated total tax deductions at source	(12,000.00)	(23,000.00)	-
	<b>(1,445.13)</b>	<b>(1,102.99)</b>	<b>13,790.40</b>
	<b>Refund</b>	<b>Refund</b>	<b>Owing</b>
<b>Without the Home Renovation Tax Credit:</b>	<b>(95.13)</b>	<b>247.01</b>	<b>15,140.40</b>
	<b>Refund</b>	<b>Owing</b>	<b>Owing</b>
<b>Savings after spending \$10,000 on renovations</b>	<b>(1,350.00)</b>	<b>(1,350.00)</b>	<b>(1,350.00)</b>

\*Please note that if you have RRSP contributions, child care expenses or other deductions from income, the refund would be greater as long as the actual amount of tax withheld is as estimated above. Also if you have donations, medical expenses or other non-refundable amounts, these figures will change.\*