

Home-reno rebate: Small potatoes, but a carrot?

Money back might tempt family to upgrade

BY KENT SPENCER, THE PROVINCE JANUARY 28, 2009 7:01 AM

A tax saving on home renovations might be enough to induce Abbotsford's John Koetsier to spend \$10,000 on a new kitchen.

"We'd be getting some money back," said Koetsier, a small-business owner who describes his family's financial situation as "comfortable."

The tax savings on renos were the only really good news for wage earners in the federal budget, said Koetsier, who thinks a \$210 tax saving for an average person earning \$65,000 a year won't be noticed.

"The tax break is nice, but it's not going to do too much.

"I know the government wants me to spend the money right away, but I'm tempted to take it straight to a bank and save it," said Koetsier.

The economic downturn has brought its worries.

"There isn't a day goes by we don't hear of an acquaintance who has lost his job. We're not going to spend money as easily as a year ago," said Koetsier, whose business, EasyBits.com, enables existing computer programs to be made child-friendly and safe.

Their \$450,000 house is paid off, but grocery bills have been "rising tremendously." Getting the boys in hockey will be almost \$2,000.

Rhonda Sherwood, wealth advisor at ScotiaMcLeod, said many in B.C. will not be able to afford renovations.

"If you are worried about your job and have seen your wealth go down the drain, you will not renovate. If you do, the cost would be \$20,000 and up," she said.

Adrian Mastracci of KCM Wealth Management said B.C. residents should not get excited about paying a lot less income tax. "The savings are small potatoes," he said.

First-time home-buyers will receive a tax saving of \$1,000 and home-buyers will be able to dip into their registered retirement savings for \$25,000, up from \$20,000.

"It's not much for people buying houses in B.C. Even small condos are several hundred thousand dollars. It buys a couple of dinners," Mastracci said.

kspencer@theprovince.com

© Copyright (c) The Province