

Government Programs and Regulations

RRSP Home Buyers' Plan

Program

The Home Buyers' Plan (HBP) is a program under which you can, generally, withdraw up to \$35,000 from your registered retirement savings plan (RRSPs) to buy or build a qualifying home. Withdrawals that meet all applicable HBP conditions do not have to be included in your income, and your RRSP issuer will not withhold tax on these amounts. However, before you can withdraw funds you must have entered into a written agreement to buy or build a qualifying home which you must occupy no later than one year after buying or building the home. If you buy the qualifying home together with your spouse or other individuals, each of you can withdraw up to \$35,000. You cannot withdraw an amount from your RRSP under the HBP if you or your spouse owned the home more than 30 days before the date of your withdrawal.

Program

- Up to \$35,000 per person could be withdrawn tax-free from RRSPs to buy or build a principal residence. Couples—including common-law — will be able to withdraw up to \$70,000.
- You have to meet the first-time buyer's condition. You are not considered a first-time home buyer if you or your spouse owned a home that you occupied as your principal place of residence in the past 5 years. To determine past 5 years, the 4 years preceding the year you make your withdrawal plus the period in the year you make your withdrawal ending 31 days before your withdrawal is the rule adopted.
- Home buyers withdrawing funds do not have to pay income tax on the amount withdrawn, as long as the funds are repaid into an RRSP in the future.
- The 15-year repayment period will begin in the second calendar year following the calendar year in which the withdrawal is made. In addition, a qualifying home must generally be acquired before October 1 of the calendar year following the year of withdrawal. For example, those making withdrawals under the plan in 2009 will have until October 1, 2010 to acquire a qualifying home and their first annual repayment will be due by the end of 2011 or the first two months of 2012.
- A special rule denies a tax deduction for contributions to an RRSP that are withdrawn within 90 days of the RRSP deposit being made. Consequently, to get the normal tax break for a contribution and to use those funds under the plan, the money must be in your RRSP for at least 90 days before a withdrawal is made.

You can participate in the HBP more than once if:

- your HBP balance for your previous participation is zero on January 1 of the year you want your new participation in the HBP to occur; and
- you meet the first-time buyer's condition and all other HBP conditions that apply to your situation.

Existing homeowners can use the HBP to purchase a more accessible home or a home for a disabled dependent relative where the individual withdrawing the funds:

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- qualifies for the disability tax credit (DTC) and is buying a home that is more accessible for the individual or is better suited for the care of the individual;
- is related to a disabled individual who qualifies for the DTC and is buying a home for the benefit of the disabled individual that is more accessible for, or better suited for, the care of the disabled individual, or;
- is related to a disabled individual who qualifies for the DTC and is withdrawing an amount for the disabled individual to buy a home that is more accessible for, or better suited for, the care of the disabled individual.