

Doubling of First Time Homebuyers' Tax Credit

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This bill proposes doubling the First Time Homebuyer's Tax Credit, increasing the non-refundable tax credit amount from \$5,000 to \$10,000. This measure will apply to homes purchased on or after January 1st, 2022.

5-Year Cost

| \$ millions | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total |
|-------------|---------|---------|---------|---------|---------|-------|
| Total cost | 115 | 115 | 115 | 120 | 120 | 585 |

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).

Estimation and Projection Method

The total cost of doubling the First Time Homebuyers' Tax Credit was calculated as the difference between the total federal income tax payable with the increased non-refundable tax credit and the status quo total federal income tax payable.

To calculate the difference between the total federal income tax payable, the parameters in Social Policy Simulation Database and Model (SPSD/M) were adjusted to reflect the new maximum First Time Homebuyers' Tax Credit claim allowed.¹

PBO does not expect an increase in administrative costs.

Sources of Uncertainty

All growth rates and adjustments used have inherent uncertainty. Changes to economic conditions would affect amounts.

A behavioural response is not expected.

Prepared by

Lisa Barkova <Lisa.Barkova@parl.gc.ca>

¹ This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

Data Sources

Variable

Federal income tax payable

Source

SPSD/M

Supplementary Information

5-Year Cost by province

| \$ millions | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Total |
|---------------|---------|---------|---------|---------|---------|-------|
| Newfoundland | 2 | 2 | 2 | 2 | 2 | 8 |
| P.E.I. | 0 | 0 | 0 | 0 | 0 | 2 |
| Nova Scotia | 3 | 3 | 3 | 3 | 3 | 17 |
| New Brunswick | 3 | 3 | 3 | 3 | 3 | 13 |
| Quebec | 24 | 25 | 25 | 25 | 25 | 124 |
| Ontario | 42 | 43 | 44 | 44 | 44 | 217 |
| Manitoba | 5 | 5 | 5 | 5 | 5 | 25 |
| Saskatchewan | 4 | 4 | 4 | 4 | 4 | 19 |
| Alberta | 17 | 18 | 18 | 18 | 19 | 90 |
| B.C. | 14 | 14 | 14 | 14 | 14 | 70 |
| Total | 115 | 115 | 115 | 120 | 120 | 585 |

Note

· Numbers may not add due to rounding.

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