

## Sold A Home? Know Your Tax Obligations

(NC) If you've recently sold a home, there are some things you need to know at this time of year.

When you sell your own home (or principal residence) you usually don't have to pay tax on any profit from the sale. But what you might not know is that even if you are entitled to the principal residence exemption, you need to report the sale on your income tax and benefit return. This became mandatory in 2016.

It is also important to remember that on your tax return, you need to include income from property sales other than your principal residence. For example, if you sell a property you bought with the intention of re-selling it and you make a profit, your profit is taxable.

If you bought a home to renovate and re-sell, or bought a pre-construction condo unit to re-sell, your profit is also taxable. In the case of the sale of a secondary home, such as a cottage

or a rental property, there are also tax implications. In some situations, this profit is considered business income; in other situations, it is considered to be a capital gain. There may also be GST/HST implications.

In recent years, the Canada Revenue Agency has increasingly been identifying cases where taxpayers did not report their income from real estate transactions. The penalties and interest associated with unreported real estate sales can be substantial, so make sure you get some advice from a trusted source on how to report correctly if you are unsure.

If you didn't fully declare this income on a past tax return, the Voluntary Disclosures Program at the Canada Revenue Agency may give you a second chance to correct your tax affairs. Find out more at [canada.ca/taxes-buy-real-estate-to-sell-for-profit](http://canada.ca/taxes-buy-real-estate-to-sell-for-profit).





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