THE PRINCIPAL RESIDENCE EXEMPTION

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A principal residence is one of the few remaining tax shelters in Canada. In order to prevent abuses and to ensure that taxpayers do not receive more than their fair share of this benefit, a number of detailed and complex tax provisions apply in relation to the disposition of a home. This article examines a variety of the tax rules relating to principal residences and outlines some planning strategies to maximize the available tax shelter. Keywords: Capital gains; exemptions; home ownership; personal property; principal residence; real estate.

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