

MAY 2024

# AT HOME

COLDWELL BANKER 2M REALTY

## BUDGET 2024 CAPITAL GAINS EXPLAINED

The Liberal Government left income tax rates alone in this year's budget, but implemented a surprise increase targeting Capital Gains. A Capital Gain occurs when someone sells an asset, such as a property or a stock, for a higher price than what they originally paid for it.

### A 16.7% INCREASE

Capital Gains are added to a taxpayer's annual income and are calculated at what is called an inclusion rate. The proposed changes, set to take effect on June 25, 2024, would see the inclusion rate for capital gains raise to **66.7%** for individuals realizing more than **\$250,000** in annual capital gains. Any gains less than that will continue to face the current inclusion rate of **50%**.

### WHO IS AFFECTED?

Primary residences are exempt from Capital Gains tax. Canadians selling a **Vacation Home** or **Rental Property** would be subject to the higher inclusion rate for net capital gains above \$250,000. The same holds for profit realized on **Investments** held in non-tax-advantaged accounts. The higher inclusion rate also applies to all capital gains realized by a **Corporation** or **Trust**.

## HELP FOR FIRST TIME HOME BUYERS

### RRSP HOME BUYERS PLAN INCREASE

Among items proposed in the 2024 budget is the move to allow Canadians to withdraw up to **\$60,000** via the RRSP Home Buyers' Plan. This increase from \$35,000 will help first time home buyers with their down payment.

### LONGER AMORTIZATION ON NEW BUILD

Another change would allow first-time home buyers with less than 20% down to stretch out their amortizations to **30 Years** on the purchase of **New Build Homes**. This increase from 25 Years would reduce monthly carrying costs but could see homeowners pay more in interest over the lifetime of the loan.



### DID YOU KNOW?

I can assist you in your search for both Resale and New Build Homes. I can guide you through the process of purchasing a home from plan, and aid in negotiation with the builder.



# 2024 PREDICTED TO BE A COTTAGE REBOUND YEAR

Canada's Cottage prices are forecast to increase 6.8% by the end of the year.

A recent survey revealed that 64% of cottage owners are planning to hold on to their properties through 2024. If interest rates drop as expected, we will see pent up demand from buyers for available cottage listings.

The primary buyers driving the cottage market are younger Canadian families. They view recreational properties as appealing options for primary residence, even if it means commuting to the office.

## TOP REASONS TO PURCHASE YOUR COTTAGE THIS YEAR

### CAPITAL GAINS

Impending changes to Capital Gains will inevitably encourage some cottage owners who were considering selling to come to market right away. Those with active listings may lower their list price.

### NEGOTIATING POWER

Buyers who are able to close on the purchase of a cottage before June 25th have an added bargaining tool with Sellers who have seen significant gain.

### NEW 2025 MORTGAGE CAP

OFSI, Canada's banking regulator, will enforce a new rule starting in Q1 of 2025 which caps the number of mortgages banks can issue that exceed 4.5 x a borrower's annual income. This may impact some borrowers ability to finance a cottage property.

### GET AHEAD OF IT

Reach to me for a referral to an excellent mortgage specialist versed in second homes and recreational property.

## THE INFLATION GAME



A month long boycott against Loblaws is underway in protest of rising grocery prices. While we have seen huge increases post Covid, they are small when compared to days gone by. Have a look at this retro ad for coffee.

Is the 95¢ price for a 1 pound bag of coffee from...

- #1 1957
- #2 1967
- #3 1977

If your guess was #1, you are right! 95¢ in 1957 is equal to \$10.05 today, but you can grab a bag of 2 lb coffee on sale for \$8.50 a lb.

Credit to The Peak [www.readthepeak.com](http://www.readthepeak.com)  
Source: Ottawa Citizen, April 9, 1957, p.116



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