

Ontario Home Builders' Association

MEDIA RELEASE

Consumers Back Reno Tax Rebates To Combat A Growing Underground Economy

November 9, 2010 – Toronto, ON – A recent poll by Environics Research found that a significant majority of Ontarians have paid cash for a renovation job and that a government tax credit or rebate would provide an incentive for consumers to pay for legitimate contractors. In the survey commissioned by the Ontario Home Builders' Association, 56 per cent of Ontarians admitted they have paid cash and avoided taxes for a renovation or repair job. With the recent introduction of the HST, renovators now have to charge 13% on all their work, whereas previously it was the 5% GST - these additional taxes have only served to fuel the underground economy.

OHBA President Bob Finnigan noted, "The Ontario Home Builders' Association along with the Canadian Home Builders' Association have urged the federal and provincial governments to take action on the growing underground economy. The results of this survey demonstrate the scope of the problem and the need for an effective solution."

More than two-thirds surveyed said that they would be less likely to pay cash if they were to receive a provincial or federal tax credit back from the government. OHBA Renovators' Council Chair and Ottawa-area renovator, Mike Martin noted "I am not surprised at all by the findings. This only confirms what I am hearing within my own company and colleagues in the field." Added Martin, "a provincial or federal rebate, similar to the now cancelled Home Renovation Tax Credit would be a great deterrent to cash jobs."

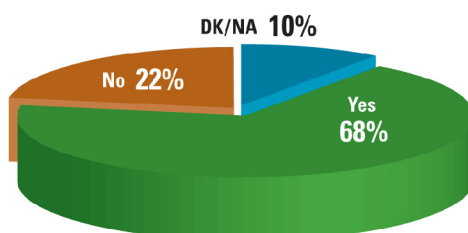
President Finnigan also noted that, "If a rebate system was in place it would encourage consumers to ask renovators for receipts, creating a paper trail for Canada Revenue Agency to monitor." Added Finnigan, "A rebate program is a responsible, targeted policy that will shed light on the underground economy. "

The residential renovation sector accounts for over \$20.3 billion in investment activity in Ontario, supporting about 195,000 jobs. Contractor renovations make up about 69% or \$14 billion of that total. In Ontario it is estimated that over \$2.6 billion in potential tax revenue is lost due to cash payments for underground renovations.

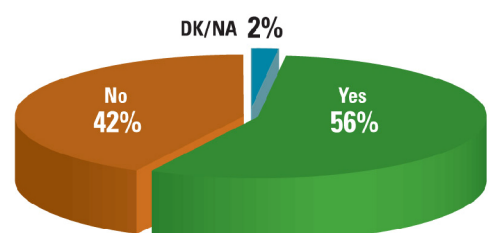
OHBA also notes that the consequences of paying cash under-the-table for this kind of work can have dire results for homeowners. Consumers often do not have legal recourse and could be subject to significant liability if an accident happens within the home. Illegal renovations introduce health and safety risks to construction workers and the homeowners that hire them.

The survey, conducted by Environics Research, polled 1113 home owners throughout the province .The margin of error is +/- 2.9%, 19 times out of 20.

If you were able to receive a provincial or federal tax credit or tax rebate back from the government for renovations, similar to the previous federal renovation tax credit, would you be less likely to pay cash and more likely to pay the tax?



Have you ever paid cash for a home repair or renovation job?



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For further information or to arrange an interview with OHBA President Bob Finnigan please contact Stephen Hamilton or Mike Collins-Williams at 416-443-1545.