



HARBR

ACCOUNTING SERVICES

o/b 1000391437 Ontario Ltd.

First Home Savings Account (FHSA) Memo

The FHSA is a registered plan for first-time homebuyers, allowing tax-free savings (up to specified limits) for buying or building a qualifying first home. For those who opened an FHSA in 2023, up to \$8,000 in contributions made by December 31, 2023, can be claimed as a deduction on the 2023 income tax return.

Key Points:

- **Opening FHSA:** Review eligibility conditions to open an FHSA.
- **Contributions:** Know contribution limits and unused participation room carry-forward.
- **Transfers:** Learn how to make transfers into FHSAs and applicable limits.
- **Withdrawals:** Understand withdrawals for home purchase, transfers out, and associated tax consequences.
- **Tax Deductions:** Deduct FHSA contributions from income tax returns.
- **Excess Contributions:** Learn about potential taxes and ways to reduce excess FHSA amounts.
- **Closure:** Understand maximum participation period and when to close FHSAs.
- **Life Events:** Explore FHSA implications in case of life events like marriage, non-residency, or death.
- **Investments:** Permitted investment types and applicable taxes.
- **Reporting:** Use T4FHSA slip to report FHSA transactions on income tax returns.
- **Taxes and Reassessments:** Address FHSA taxes payable and options post-assessment.