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Independently Owned and Operated

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# Tax Deductible Moving Expenses



Have you recently moved to a new location? Do you know that you can deduct certain moving expenses on your next tax return, including transportation, packing and storage costs.

Many people never realize these tax benefits because they don't know what can be deducted. If you are preparing to move, it's best to be informed beforehand so you know which receipts to keep. You may find it worthwhile during a move to pay for various services that are tax-deductible rather than doing them yourself. A typical move involves a number of costs including hiring a company to transport personal effects and furniture, hotel stays and meals (if the move involves driving a long distance to a new home), and service fees to disconnect and reconnect utilities. In addition, renters who leave on short notice may have to pay the cost of breaking a lease.

Homeowners will incur closing costs and commissions on the sale of their home as well as legal and other fees on the purchase of their new home. This article provides information regarding tax deductible moving expenses.

To claim moving expenses on your taxes, your move has to meet the following conditions:

You moved to your new home or new apartment to start a job or a business, or to attend full-time post-secondary courses at a university, college or other educational institution.

Your new place of residence is at least 40 km closer to your workplace or school than your previous home.

You moved from one place in Canada to another place in Canada.

Two groups are eligible to deduct a portion of their moving expenses: students moving away from home to attend school and people moving to a new area for a job or relocation by their employer. There has been a challenge to the rules regarding eligibility for the self-employed as you'll read later in this article.

**Students**

Students must fulfill two main qualifications: the distance between your home and

school must be at least 40 km (by the shortest public route) and you must be a full-time student. A full-time student is defined as someone who regularly attends a college, university, or other educational institution in a program at a post-secondary school level (whether in Canada or not) and is taking at least 60% of the usual course load during each semester.

As a student, you can only deduct eligible moving expenses from award income (scholarships, fellowships, bursaries, prizes, and research grants) that you report on your return. Your moving expenses must be greater than your award in order to deduct any moving expenses. As Revenue Canada's website reads, "If your moving expenses are more than the award income you report for the year, you can deduct the unused portion of those expenses from the award."

Although many students will not earn award income and will therefore not be able to deduct moving expenses, tuition fees themselves are a tax deduction. If a student has a part-time job, tuition can reduce taxes paid on those earnings. Students who meet the qualifications and have received award income can deduct the costs of travel, shipping and transportation of belongings, as well as items listed below under 'Expenses you can deduct'.

**Employees**

If you are moving for work (e.g. a company relocation or new job), are employed and establish a home at least 40 km closer to a new job than your old home, then you qualify to deduct moving expenses. Similarly, if you are self-employed, and you establish a home at least 40 km closer to your new operational business than your old home, you also qualify to deduct moving expenses.

According to Revenue Canada, you must establish your new home as the place where you and members of your household ordinarily reside. For example, you have established a new home if you have sold or rented (or advertised for sale or rent) your old home.

**Employed and Working from Home: an Exception to the Rule**

Until recently, employees who work from home and

.....Article continued on page 2.

# How Will the New Mortgage Rules Affect the Canadian Market?

Finance Minister Jim Flaherty recently unveiled new mortgage rules aimed at stopping housing speculators and ensuring homebuyers can adequately handle their debts when interest rates inevitably rise.

Mr. Flaherty stressed that Canada's real estate market is healthy, and that the new rules, which take effect April 19th, would stop "negative trends" from development.

"There's no clear evidence of a housing bubble, but we're taking proactive, prudent and cautious steps today to help prevent one. Our government is acting to help prevent Canadian households from getting overextended, and acting to help prevent some lenders from facilitating it," commented Minister Flaherty.

"The underlying message is that Canadians should be prudent in the obligations they take on because we can all expect that mortgage interest rates will rise over time," Flaherty added.

Here is a quick look at the changes which apply to government-backed insured mortgages:

1. Borrowers must now qualify based on a five-year fixed rate even if they choose a mortgage with a lower interest rate and shorter term. The government's rationale for this change is that it will help borrowers prepare for higher rates, although it may squeeze the

purchasing power of home buyers. It remains unclear whether borrowers must qualify at the five-year posted rate or the five-year discounted rate.

2. The maximum amount Canadians can withdraw in refinancing their mortgages will be reduced to 90% of the value of their homes, instead of 95%. This change will help ensure home ownership is a more effective way to save. The impact of this change is expected to be minimal as relatively few homeowners withdraw equity from their homes to this extent.

3. A minimum down payment of 20% will be needed for government-backed mortgage insurance on non-owner-occupied properties "purchased for speculation," which realistically means rental properties. While this measure is intended to hamper the speculative buying of properties by reducing the leverage of buyers, it will also impact those buying real estate for general investment purposes.

How will these changes affect the Canadian real estate market?

For most consumers, the changes are unlikely to

make it harder to get a mortgage but it could reduce the size of the mortgage an individual consumer can negotiate with a lender. And they might have to look at buying slightly less expensive properties.

People buying real estate for investment purposes including those looking for rental properties may find it harder to get into the market as they have to shell out more money from their own savings.

Undoubtedly there will be a rush of mortgage applications to beat the April 19th deadline. However it is expected some lenders will start to implement these guidelines before April 19th.

Some volatility is expected in the housing market in the short term as home buyers rush to beat the April 19th date. After that, the activity will likely fade because so many buyers moved up their purchases. This could end up softening the sharp year-over-year price increases that have been characteristic in many cities recently.

The economic implications of this rule change are unlikely to be severe, and we expect the housing market to slow its ascent without crashing down.

.....Continued from page 1.

move have faced some restrictions regarding moving expenses. In the court decision *Gary Adamson v. the Queen*, Mr. Adamson had incurred moving expenses as an employee who was required to provide his own office in his home.

## Expenses you can Deduct:

- transportation and storage costs (such as packing, hauling, in-transit storage, and insurance) for household effects, including items such as boats and trailers;
- traveling expenses, including vehicle expenses, meals, and accommodation, to move you and members of your household to your new residence (you can choose to claim vehicle and meal expenses using the simplified method);
- costs for up to 15 days for meals and temporary accommodation near either residence for you and the members of your household (you can choose to claim meal expenses using the simplified method); and
- the cost of canceling a lease for your old residence, except any rental payment for the period during which you occupied the residence.

When your old residence is sold as a result of your move, eligible moving expenses also include:

- legal or notaries fees for the purchase of the new residence, as well as any taxes paid (other than GST/HST or property taxes) for the transfer or registration of title to the new residence, if you or your spouse or common-law partner sold the old residence, and
- the cost of selling your old residence, including advertising, notarial or legal fees, real estate commission, and mortgage penalty when the mortgage is paid off before maturity.

## Expenses that are not Deductible:

- expenses for work done to make your home more saleable;
- any loss from the sale of your home;
- expenses for house-hunting trips before you move;
- the value of items movers refused to take, such as plants, frozen food, ammunition, paint, and cleaning products;
- expenses for job hunting in another city (such as traveling expenses);
- expenses to clean or repair a rented residence to meet the landlord's standards;
- expenses to replace personal-use items such as tool sheds, firewood, drapes, and carpets;
- mail-forwarding costs (such as with Canada Post);
- costs of transformers or adaptors for household appliances; and
- costs incurred in the sale of your old home if you delayed selling for investment purposes or until the real estate market improved.

Remember to keep receipts and documents supporting your claims, you do not have to include these documents in your tax claim but Canada Revenue Agency may want to see them at a later date.

Keep in mind that this article is for information only. The tax laws are frequently modified. We recommend that you visit the Canada Revenue Agency's website for specific details about which moving expenses you can claim or consult a professional accountant to maximize your tax return.

## Spring cleaning tips for fire safety

(NC)—Spring cleaning can seem like a daunting assignment, but a few tasks on the list can help make sure potential fire hazards are attended to.

Beyond the usual tasks to cover both inside and outside of your home, such as recycling or eliminating unused items, cleaning gardens and patios, and tossing out unsafe or combustible materials, don't ignore these areas to help make your home more fire safe:

- Check and clean filters above stove.
- Pull refrigerator out and vacuum or dust coils.
- Always keep stairs and landings clear for safe evacuation in event of an emergency.
- Test your smoke alarms and replace the batteries.
- Test smoke alarm to ensure it works properly.
- Outdoors, don't just clean your propane barbecue, check for leaks, breaks and other wear and tear on hoses or housings.
- Trim trees or bushes before they grow enough to interfere with nearby power lines.

Thinking beyond basic cleanup chores to include removing fire safety hazards can go a long way toward enhancing both the safety and comfort of your home.

More tips to help you maximize your efforts this year are available online at [www.duracellfiresafety.com](http://www.duracellfiresafety.com) or [www.safeathome.ca](http://www.safeathome.ca).

[www.newscanada.com](http://www.newscanada.com)



# Market Watch Canadian Housing Market Continues Its Healthy Upward Trend

The Canadian housing market continues its healthy upward trend across the country, with significant increase in both number of sales and sale value. This trend is expected to continue through to early Spring as we approach the upcoming changes to mortgage qualification rules.

Buyers in Ontario and British Columbia are aware of two key changes that could impact their purchasing ability. The new mortgage rules coming in April, plus the Harmonized Sales Tax in July.

"The upcoming changes to mortgage qualification rules and impending mortgage rate increases may prompt some buyers to enter the market earlier and cause some additional slowdown in the third quarter," said Larry Westergard, president of the REALTORS® Association of Edmonton.

## Ontario - A Great Start to 2010 for Ontario Housing Market

Toronto, March 3, 2010 - Greater Toronto REALTORS® reported 7,291 sales through the Multiple Listing Service® (MLS®) in February, representing a 77% increase over February 2009. The average price for these transactions was up 19% year-over-year to \$431,509. Sales and average price increases represent both increased demand for ownership housing and the base year effect,

which involves a comparison of economic recovery this year to a period of economic decline last year.

"Increases in existing home sales and average price were noted across the Greater Toronto Area (GTA) in low-rise and high-rise home types. Similar rates of growth were experienced in the City of Toronto and surrounding 905 regions," said Toronto Real Estate Board (TREB) President Tom Lebour. "This suggests that first time, move-up and down sizing buyers are all active in the existing home marketplace."

New listings also increased in February, climbing 24% compared to the same month last year.

"Annual growth in new listings is expected to continue. New listings growth will start to outstrip sales growth as we move through 2010," said Jason Mercer, TREB's Senior Manager of Market Analysis. "As the market becomes better supplied, we will see more sustainable single-digit rates of price growth."

Information in this report is collected from the Toronto Real Estate Board. The average price information can be useful in establishing trends over time but should not be used as an indicator that specific properties have increased or decreased in value. The average price is calculated based on the total dollar volume of all properties sold.

# Mitchell Team Market Watch

| Aurora - N06       | 2009      | 2010      |
|--------------------|-----------|-----------|
| Sales              | 59        | 113       |
| Listings           | 238       | 216       |
| Average Price      | \$408,228 | \$472,097 |
| % of Asking        | 96%       | 100%      |
| Avg Days on Market | 54        | 28        |

| East Gwillimbury - N15 |           |           |
|------------------------|-----------|-----------|
| Sales                  | 23        | 46        |
| Listings               | 65        | 85        |
| Average Price          | \$351,478 | \$456,191 |
| % of Asking            | 97%       | 97%       |
| Avg Days on Market     | 71        | 48        |

| Newmarket - N07    |           |           |
|--------------------|-----------|-----------|
| Sales              | 100       | 184       |
| Listings           | 368       | 305       |
| Average Price      | \$335,964 | \$456,191 |
| % of Asking        | 96%       | 97%       |
| Avg Days on Market | 57        | 48        |

| West Gwillimbury - N18 |           |           |
|------------------------|-----------|-----------|
| Sales                  | 41        | 59        |
| Listings               | 136       | 137       |
| Average Price          | \$265,119 | \$324,409 |
| % of Asking            | 96%       | 98%       |
| Avg Days on Market     | 55        | 48        |

YTD February 28, 2010

## Seminars

### Home Buyer Seminar

Date: Tues., April 13th

In this seminar you will learn:

- When is the right time to buy?
- How to come up with the down payment?
- Understanding the mortgage qualification process
- How to assemble your home buying team....and much more.

Seminars held from 7:00 - 9:00pm at the Newmarket Public Library, 438 Park Avenue, Newmarket  
To Register call **905-898-6300** or email at [admin@themitchellteam.com](mailto:admin@themitchellteam.com)

### Real Estate Investor Seminar

Date: Tues., April 27th

Based on the *New York Times* best seller, *The Millionaire Real Estate Investor*,

**The Workshop** reveals proven and tested models to help you build a real estate investment portfolio.

## Meet the Award Winning Mitchell Team

*Our highly skilled team takes customer service to new levels*

### Sales Team



Tom Mitchell\*



Nicolette Lesperance\*



Jennifer Mitchell\*



Christine Burns\*



Rory Campbell\*

### Support Team



Diane Mitchell\*  
Office Manager



Sandra Bailey\*  
Client Care Administrator



Stephanie Mulvina  
Business Administrator



Rita Nordine  
Marketing



Chris Bower  
Interior Designer



Don MacDonald  
Courier

\* Sales Representative

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Additional Photos Online [www.TheMitchellTeam.com](http://www.TheMitchellTeam.com)



**Vivian Forest – Approx. 10 Acres...**

Quiet country living at it's best...this 2 storey home boasts lrg eat-in kit w/w/o to gardens , 4 bdrms, master bed with 4pc ens., hardwood floors, L/R w/frpls. Prof fin rec room w/frpls and games rm has sep entrance. All on Approx. 10 acres "In the Heart of Vivian Forest" WOW!!

**\$775,000** ID#619N



**Custom Built Home...**

Tons of room for the whole family. Spacious layout, huge eat-in kit w/w/o to deck o/lkg property. Hrdwd flrng, French doors, pot ltg., crwn mldg. Lrg master w/corner fp, 4pc ens & w/i clst. Part fin w/o bsmnt has rec rm, games rm & 3pc bath. Triple car garage! Excellent value here!!

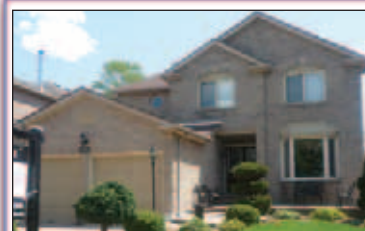
**\$599,900** ID#612N



**Lovely Home in Family Neighbourhood...**

Move-in ready, nothing left to do! 4 Bdrms, Master w/large w/in closet & 5-pcs ensuite. Great Family sized eat-in kit w/w/o to fenced yard. Hrdwd & parquet throughout. Fin bsmt w/5th bedroom w/Murphy bed. A Must see!!

**\$499,900** ID#623N



**Glenway Estates...**

In the heart of Glenway Estates sits this beautiful executive home w/main fl den, hrdwd flrs., spacious eat-in kit. w/w/o to large deck. Fam rm w/woodburning f/p. I/G sprinkler and nicely landscaped. WOW!!

**\$489,900** ID#615N



**Panoramic View...**

Beautiful family home situated on a premium lot. You will enjoy the panoramic views this home & location has to offer. Well maintained, reno'd kit, hrdwd flrs, fin bsmnt has 2 bdrm apt(not retrofit) w/sep entrance. Upgrd wdws, cathedral clg's, great floor plan.

**\$480,000** ID#603N



**Glenway Beauty...**

Spacious 4 bdrm home features eat-in kit with walk-out to patio, Hardwood Floors, main floor family room with fireplace. Fabulous house in a Great Neighbourhood shows Pride of Ownership!!

**\$479,900** ID#624N



**Open Concept Home...**

Premium pie lot in child safe court location offering panoramic views. Prof decorated w/lots of upgrades, kit w/granite counters, california shutters, hrdwd flrs, Great room w/ gas frpls. Mstr bed w/his & hers W/I closets. Exceptional!!

**\$469,900** ID#617N



**Inground Pool...**

Great location for your family!! Lovingly maintained, spacious eat-in kit o/looking bkyrd & i/g pool(16x32). Formal l/r & d/r, w/o to bkyrd from f/r. Lrg mstr bdrm w/w/i clst & 4pc ens. 2 laundry rooms. Part fin bsmnt .

**\$429,900** ID#610N



**Beautiful Premium Lot...**

Enjoy the privacy that this mature, premium lot (66x184ft) has to offer. Cozy bungalow on tree-lined street, updated kit, spacious living/dining room, gorgeous hardwood floors, w/o to deck from f/r. Det garage/workshop w/pwr. Fully fenced backyard. A must see!!

**\$379,900** ID#608N



**Heart of Mt. Albert..**

Lovely bungalow in great location. 2 bedrooms on main, 3 bdrms in fin bsmnt – ideal for an in-law suite. Eat-in kit, w/o to deck from dining room, bsmnt apt(not retrofit) has kit & l/r. Walk to all amenities! Needs some TLC – Perfect for someone with a vision!!

**\$299,900** ID#606N



**A Family Delight...**

A great starter home in a wonderful family neighbourhood is ready for you to call home W/O from L/R to large deck!! Fin bsmt w/bedroom & 3pc bath,. A Real Gem!!

**\$265,000** ID#621N



**Great Starter Home...**

Cozy, det, 2 storey home situated on premium lot in great family neighbourhood. Immaculate & well cared for, w/o to deck from combo l/r/d/r. Master has w/i clst. Fin bsmnt has office & 2pc bath. Just mins to Lake, you will fall in love with this one!!

**\$222,500** ID#611N

Free No Obligation Market Evaluation Of Your Home  
905-898-6300 [www.TheMitchellTeam.com](http://www.TheMitchellTeam.com)