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**Understanding  
the  
Homeowners  
Affordability  
Tax Credit  
(HATC)**

Providing financial relief to eligible  
homeowners

Welcome to an introduction on the changes to property taxes in Manitoba for 2025 specifically related to the new Homeowners Affordability Tax Credit.

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### Welcome and Overview



#### **Homeowners Affordability Tax Credit**

Focus on the new Homeowners Affordability Tax Credit replacing previous provincial credits.

#### **Impact on RM of St. Clements**

Emphasis on how the tax credit changes specifically affect homeowners in RM of St. Clements.

#### **Importance of Understanding**

Highlighting the need for property owners to understand the new tax credit system and its implications.

The focus of this presentation is on the newly implemented Homeowners Affordability Tax Credit (HATC), which replaces previous provincial credits. This session is particularly relevant for homeowners in the Rural Municipality (RM) of St. Clements, where many properties may be affected. The intent is to provide a detailed discussion on how these changes and how they impact different types of property owners. It is important for residents to have a clear understanding the new credit system and its implications.

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### Understanding the HATC



#### **Purpose of HATC**

The HATC helps homeowners cover school taxes by offering a credit up to \$1,500 starting in the 2025 tax year.

#### **Eligibility Criteria**

The credit applies only to principal residences in Manitoba, verified by residency duration and official documents.

#### **Claiming the Credit**

Eligible homeowners can automatically receive HATC or claim it via RM office declaration or tax form MB479 by November 15, 2025.


#### **Exclusions and Related Credits**

Renters are excluded but may qualify for Renters Affordability Tax Credit; seniors can get a separate School Tax Rebate.

The Homeowners Affordability Tax Credit (HATC) is a new initiative by the Manitoba government starting in the 2025 tax year. It replaces the Education Property Tax Credit and the Education Property Tax Rebate. The HATC aims to assist eligible homeowners in covering their school taxes by offering a credit of up to \$1,500. The actual credit amount is the lesser of \$1,500 or the gross school taxes on the property. Importantly, the credit applies only to principal residences, defined as a single residential dwelling unit in Manitoba that serves as the primary home of the owner or their spouse/common-law partner. Eligibility is determined by factors such as time spent at the residence and official documentation like tax returns or driver's licenses. Homeowners who previously received the Education Property Tax Credit may automatically receive the HATC. If not, they can declare their principal residence with the RM office by November 15, 2025, or claim the credit on their income tax return using Manitoba Income Tax Form MB479.

Renters are excluded from HATC but may qualify for the Renters Affordability Tax Credit. Seniors aged 65 or older may also benefit from the separate Seniors School Tax Rebate.

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### **Key Differences from Previous Credits**

**Scope of Eligibility**  
HATC applies only to principal residences, excluding rentals, secondary homes, and commercial properties.

**Previous Credit Coverage**  
Former School Tax Rebate covered residential and farm properties at 50%, and 10% for other properties.


**Benefit Limits**  
HATC sets a fixed maximum benefit of \$1,500, contrasting the previous percentage-based rebate.

**Financial Relief Impact**  
Changes narrow eligibility and reduce potential financial relief for many property owners.

The HATC introduces notable changes compared to the previous Education Property Tax Credit and School Tax Rebate. One major difference is the scope of eligibility. The HATC is strictly limited to principal residences, excluding rental properties, secondary homes like cottages, and commercial properties. In contrast, the former School Tax Rebate was broader, offering a 50% rebate on school taxes for residential and farm properties, and a 10% rebate for other properties, including commercial ones. Another significant change is the maximum benefit. The HATC has a fixed cap of \$1,500, whereas the previous rebate was based on a percentage—50% of school taxes—which could result in higher benefits for properties with substantial school tax assessments. These changes narrow the range of eligible properties and reduce the potential financial relief for many property owners.



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**Negative Impacts for Non-Principal Residences**

**Exclusion of Non-Principal Properties**  
Secondary homes, rental, and commercial properties are excluded from the provincial school tax credit or rebate under HATC.

**Loss of School Tax Relief**  
Properties previously receiving school tax rebates over \$1,500 now receive no provincial relief due to the fixed cap.

**Policy Shift Focus**  
Policy changes focus relief solely on principal residences, removing support for other property owners.

The shift to the HATC has direct financial consequences for property owners whose properties do not qualify as principal residences. These include secondary homes, rental properties, and commercial properties, all of which are now excluded from any provincial school tax credit or rebate. Previously, these properties benefited from the School Tax Rebate, which provided substantial relief. Additionally, properties that had high school tax assessments and received rebates exceeding \$1,500 will now receive no provincial school tax relief. The fixed cap of \$1,500 under the HATC, combined with the strict eligibility criteria, results in a significant loss of benefits for these property owners. This change marks a shift in policy focus, concentrating relief solely on principal residences and leaving others without support.





## The Cottage Conundrum



### Cottage Tax Ineligibility

Cottages in St. Clements are excluded from the new HATC credit due to their non-primary residence status.

### Loss of School Tax Rebate

Cottage owners lose the 50% School Tax Rebate previously available to residential properties.

### Increased Tax Burden

Owners face a significant rise in property taxes, bearing full school tax costs without rebates or HATC credit.

### Community Impact

Policy changes affect communities with many non-primary residences, causing financial shifts and challenges.

The Rural Municipality of St. Clements faces unique challenges due to the new HATC policy. The area is known for its high number of cottages, which are typically not used as primary residences. Under the HATC rules, these cottages are ineligible for the credit. Moreover, they also lose the previous 50% School Tax Rebate that was available to residential properties. As a result, cottage owners in the RM of St. Clements will likely experience a significant increase in their property tax burden. Without the new HATC and the eliminated rebate, these owners must now bear the full cost of school taxes on their properties. This represents a substantial financial shift and highlights the broader implications of the policy change for communities with a high concentration of non-primary residences.



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### Summary of Changes and Impacts

**Focus on Principal Residences**  
The HATC now benefits only principal residences with a maximum credit of \$1,500, emphasizing targeted tax relief for homeowners.

**Elimination for Other Properties**  
Non-primary residences, rental, and commercial properties no longer receive school tax relief, increasing their financial burden significantly.

**Regional Impact Example**  
Areas like RM of St. Clements are notably affected, with many cottage owners losing provincial school tax relief benefits.

In conclusion, the introduction of the Homeowners Affordability Tax Credit (HATC) marks a significant change in Manitoba's approach to school tax relief. The credit is now focused exclusively on principal residences, with a maximum benefit of \$1,500. While this may provide meaningful support to some homeowners, it also results in the elimination of previous benefits for non-primary residences, rental properties, and commercial properties. The impact is particularly pronounced in areas like the RM of St. Clements, where many properties are cottages that no longer qualify for any provincial school tax relief. Property owners in these categories face increased financial burdens, underscoring the importance of understanding and adapting to the new tax landscape.

