By the end you will be able to...

- Explain what an FHSA is and how it differs from an RRSP and a TFSA.
- Know whether you can open one and how much you can contribute each year.
- Avoid the mistakes that cost money (over-contributing, non-qualifying withdrawals, keeping the account open too long).
- Choose your next step with your own calculator.

1 What is an FHSA?

The **FHSA** (First Home Savings Account; **CELIAPP** in French and in Quebec) is, according to the CRA, a registered plan that lets you save to buy or build your qualifying first home tax-free (up to certain limits).[1] Financial institutions have offered it since April 1, 2023.[3]

> **KEY IDEA**
>
> The FHSA combines two advantages: what you contribute is **deductible** from your income, as in an RRSP, and a qualifying withdrawal for your first home comes out **tax-free**, as in a TFSA.[1][10]

- **It is an account, not an investment:** inside it you can hold cash, GICs, funds or stocks.[7]
- **Deductible contributions:** you can generally deduct them in the year you make them or in a future year.[6]
- **Tax-free qualifying withdrawal:** if you meet the conditions, you pay no tax and do not have to repay the money.[10]

2 Who can open one, and how?

To open an FHSA you must meet all of these conditions when you open the account:[2]

- Be a **resident of Canada**.
- Be **18 or older** (in some provinces and territories the minimum age to enter a contract is 19) and **71 or younger** on December 31 of the year you open it.
- Be a **first-time home buyer**: you have not lived, as your principal residence, in a qualifying home that you owned (alone or jointly) in the current calendar year or the previous four calendar years. The same test applies to your spouse or common-law partner, if you have one.

A **qualifying home** is a housing unit in Canada, existing or under construction: a house, townhouse, condo or an apartment in a multi-unit building. A co-op share counts only if it gives you an equity interest, not just a right to tenancy.[2]

1 **Choose where to open it**

Banks, credit unions, and trust or insurance companies issue FHSAs. You can open more than one.[2]

2 **Give your details**

Your Social Insurance Number (SIN), your date of birth and any documents the issuer needs to confirm you are eligible. You may also designate a beneficiary.[2]

3 **File Schedule 15**

With your return for the year you open your first FHSA, file Schedule 15 even if you made no contributions, to notify the CRA.[6]

3 How much can I contribute?

Your **participation room** is the most you can contribute to your FHSAs (and transfer from your RRSPs) in a year without creating an excess. It applies to **all** your FHSAs together.[4]

Item	Amount
Room in the year you open your first FHSA	**$8,000**
Annual limit	$8,000
Lifetime limit (contributions + RRSP transfers)	**$40,000**
Maximum unused room carried forward	$8,000 (it is $0 in the opening year)
Most you could contribute in a single year	$16,000 ($8,000 + $8,000 carried forward)

ROOM ONLY STARTS WHEN YOU OPEN THE ACCOUNT

Unlike a TFSA, room does not build for the years you had no FHSA. In the opening year your room is $8,000; if you do not use it all, you can carry forward up to $8,000 to the next year.[4][3]

For later years, your room is the lesser of **$8,000 plus your carryforward** (less any prior-year excess) and what remains of the $40,000 lifetime limit. Earnings inside the account do **not** reduce your room.[4][5]

- Contributions and transfers from your RRSP count against the same room and the same $40,000 cap.[4]
- Only the account holder can contribute to their FHSA and claim the deduction.[4]
- The CRA shows your room on your notice of assessment, on Form T1028 or in CRA My Account.[4]

4 What can I hold inside?

Qualified investments in an FHSA include:[7]

- Cash
- Mutual funds
- Most securities listed on a designated stock exchange
- GICs (fixed-term deposits)
- Canada and provincial savings bonds
- Shares of certain small business corporations

Your issuer may set further limits on which of these investments it offers.[7]

WATCH OUT FOR NON-QUALIFIED OR PROHIBITED INVESTMENTS

If the account acquires a non-qualified investment, the holder pays a **50%** tax on its fair market value (refundable in some cases). A prohibited investment adds a **100%** tax on its income and gains. "Advantages" tied to the account, such as a loan, are also taxed at **100%**.[7] Before buying anything unusual, confirm that it is eligible.

5 Benefits

- **Tax deduction:** there is no minimum time a contribution must stay in the account before you deduct it, and you can save the deduction for a future year.[6]
- **Tax-free growth:** while the money stays inside the FHSA.[1]
- **Tax-free qualifying withdrawal:** to buy or build your first home, with nothing to repay.[10]
- **It combines with the HBP:** you can use your RRSP Home Buyers' Plan and an FHSA qualifying withdrawal for the same home, if you meet the conditions for each.[10]
- **If you do not buy:** you can move the balance tax-free to your RRSP or RRIF with a direct transfer, without using your RRSP deduction room.[10]

6 Limits and common mistakes

Limit	What it means
Only for a first home	To open it and, again, to withdraw tax-free you must be a first-time home buyer. The opening and withdrawal tests are not identical. [2] [10]
Over-contributing	The excess is taxed at **1% per month** on the highest excess amount of the month, until you remove it. Use a designated withdrawal (Form RC727) or, if it came from transfers, a designated transfer to your RRSP. [8]
Transferring from your RRSP	The transfer is **not deductible**, it reduces your FHSA room and it does not restore RRSP room. [9]
Contributing in the first 60 days of the year	Unlike an RRSP, those contributions **cannot** be deducted on the previous year's return. [6]
Non-qualifying withdrawal	It is added to your income for the year, with tax withheld. If it does not reduce an excess, it increases your "re-participation" room. [10]
Contributing after your first qualifying withdrawal	Those contributions are never deductible. [6]

Limit	What it means
Keeping the account open too long	If property remains when the maximum participation period ends, the account loses its FHSA status and its fair market value on December 31 is added to your income.[11]
Non-qualified or prohibited investments	50% tax, and 100% on prohibited investments or advantages (see above).[7]

7 Withdrawals, transfers, closing and death

Qualifying withdrawal (tax-free). You must meet all of these:[10]

- You did not live, as your principal residence, in a qualifying home that you owned in the current year (excluding the 30 days before the withdrawal) or in the previous 4 calendar years.
- You have a **written agreement** to buy or build a qualifying home, with the purchase or completion date before October 1 of the year after the withdrawal.
- You did not acquire the home more than 30 days before the withdrawal.
- You are a Canadian resident from your first qualifying withdrawal until you acquire the home (or until your death, if sooner).
- You occupy, or intend to occupy, the home as your principal residence within one year of buying or building it.
- You complete **Form RC725** and give it to your issuer.

If a condition is not met, the withdrawal is treated as taxable. A qualifying withdrawal cannot be cancelled once it is made.[10]

Transfers. To move your FHSA to another issuer or to an RRSP/RRIF, ask for a **direct transfer** (Form RC721): it does not affect your FHSA room or your RRSP room. If you withdraw the money and deposit it yourself, the withdrawal is taxable. A transfer to a TFSA, RESP or another plan is not a direct transfer: it is a taxable withdrawal plus a new contribution to that plan.[10]

Closing. Your maximum participation period ends on December 31 of whichever comes first: the **15th anniversary** of opening your first FHSA, the year you turn **71**, or the **year after your first qualifying withdrawal**. Close your accounts before then: you can transfer what remains, tax-deferred, to an RRSP or RRIF; otherwise, withdrawing it is taxable.[11]

Death. If you named your spouse or common-law partner as successor holder and they qualify, they become the new holder immediately. Generally, the person who died does not include the FHSA's value in income. A beneficiary who is not a spouse or common-law partner includes what they receive in income.[12]

8 Three examples

Marta opens her FHSA in 2026 and contributes $3,000

Her 2026 room is $8,000, so $5,000 is left unused and carries forward. Her 2027 room is $8,000 + $5,000 = **$13,000**, and she still has $37,000 of the lifetime limit left ($40,000 – $3,000).[4]

Andrés contributes $8,000 and deducts it

This example assumes a 30% marginal rate, which depends on your province and income: the $8,000 deduction saves him $8,000 × 30% = **$2,400** in tax. The same contribution to a TFSA would not have been deductible.[6]

Camila over-contributes

Her room is $8,000 and on November 15 she deposits $10,000: that creates a $2,000 excess. She pays 1% a month on it, which is $20 for November and $20 for December, **$40** in total, and her room for the next year drops to $6,000. A designated withdrawal (Form RC727) stops the charge.[8]

The essentials in 5 ideas

The FHSA is for your first home: deductible contributions and a tax-free qualifying withdrawal.

Annual limit of $8,000 and lifetime limit of $40,000; room starts when you open the account.

Unused room carries forward up to $8,000 to the next year.

> Over-contributing costs 1% a month; a tax-free withdrawal needs a written agreement and Form RC725.

> The account ends at 15 years, at 71 or the year after your first qualifying withdrawal; move what is left to an RRSP or RRIF.

Official sources

Links open in a new tab. Content reviewed on November 3, 2026. CRA pages are in English and French.

1. **CRA: What is an FHSA?**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account.html
2. **CRA: Opening your FHSA**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/opening-your-fhsas.html
3. **Finance Canada: FHSA launch (2023)**
   www.canada.ca/en/department-finance/news/2023/08/canadians-can-save-for-their-first-home-with-new-tax-free-first-home-savings-account.html
4. **CRA: Participating in your FHSA (room and limits)**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/contributing-your-fhsa.html
5. **CRA: Definitions for FHSAs**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/definitions.html
6. **CRA: Tax deductions for FHSA contributions**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/tax-deductions-fhsa-contributions.html
7. **CRA: Investments in your FHSA**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/investments-your-fhsa.html
8. **CRA: If you contribute or transfer too much**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/what-happens-contribute-transfer-too-much.html
9. **CRA: Transfers into your FHSA**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/transfers-into-your-fhsas.html
10. **CRA: Withdrawals and transfers out of your FHSA**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/withdrawals-transfers-out-your-fhsas.html
11. **CRA: Closing your FHSA**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/closing-your-fhsa.html
12. **CRA: Death and FHSAs**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account/death-and-fhsas.html

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