

UNDERUSED HOUSING TAX (UHT)

Please note this is a NEW TAX. You can stop reading if you are a Canadian Citizen or Permanent Resident that owns residential real estate personally unless it is used for short term rentals.

The Underused Housing tax is an annual 1% tax on the ownership of vacant or underused housing in Canada that took effect on January 1, 2022, and was only released to the public in early February 2023.

Generally, the underused housing tax is payable by non-resident, non-Canadian owners of vacant or underused housing in Canada. **However**, some Canadian individuals and corporations, as well as Canadian non-residents, will be required to file a UHT return by **April 30th** of each year.

The UHT rules categorize owners of residential property in two groups:

- 1) **Excluded owners:** Owners with no UHT reporting obligation and an automatic tax exemption.
- 2) **Affected owners:** There are two categories of affected owners:
 - a) Owners required to file the UHT return but with no tax payable because they can claim an exemption; and
 - b) Owners required to file the UHT return and pay tax because an exemption is not available

Generally, those affected include:

- 1) People who own ANY residential short-term rental property with someone else (including your spouse), as you might be considered a partner.
- 2) If you are on title of ANY property on behalf of someone else, you are possibly in a trust relationship such as:
 - a) an adult child for mortgage purposes
 - b) a parent for probate purposes
 - c) a company for the purpose of holding a property
- 3) If your company owns ANY residential rental property
- 4) Non-residents and non-citizens who own Canadian real estate (permanent residents are fine)

Penalties:

If you are required to file a UHT return and do not do so each year by April 30, you will be penalized a minimum of:

- \$5,000 for individuals
- \$10,000 for corporations

Important:

If you own more than one residential property in Canada, you will have to file a separate return for each property (if you are an "Affected Owner")

You are responsible for determining if you are an affected owner. This is not the responsibility of D A Levinson & Associates.

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/uht-2900.html>

Underused Housing Tax (UHT) Return Checklist

To be filled out by each owner

Name: _____

Company Name (if applicable): _____

Address: _____

Phone Number: _____

Email Address: _____

Are you a citizen or permanent resident of Canada?

Yes No

Are you on title as a Trustee of a Trust? This includes bare trusts where you are on title but do not have beneficial ownership of the property. Some examples, on title with parent for estate planning purposes but do not have beneficial ownership or with child for mortgage purposes?

Yes No

Do you own the property jointly with another person/company/trust/partner for the purpose of carrying on a business with a view of profit? (rental can apply)

Yes No

Are you on title as a partner of a partnership? (see above)

Yes No

Do you own a privately controlled Company that owns residential property?

Yes No

If you are an owner of residential property in Canada and answered NO to the first question or YES to any other questions. You are likely required to file the UHT return.

You understand this checklist, may not catch all circumstances where you are required to file the UHT. You have been advised to read the information at <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html> to determine if you are required to file the UHT return.

You are responsible for determining if you are an affected owner. This is *not* the responsibility of D A Levinson & Associates.

For us to prepare the UHT Return and file on CRA online, please sign below and return this checklist with the following information (or upload entire package to e-courier):

- Physical address for each property
- Property ID used in the land registration system
- Property tax or assessment roll number
- Type of residential property (detached house, duplex, triplex, semi-detached house, townhouse or rowhouse unit, residential condominium unit)
- A brief description of the use of the property during the year
- Purchase documents or year of purchase and list of other owners and their percentage ownership

Underused Housing Tax Act ("UHT") - Owning residential property in Canada.

You have provided D A Levinson & Associates with full and complete disclosure with respect to residential properties in Canada for which you are deemed to be an "affected owner" as defined by the UHT legislation. This includes being listed on title as a partner, through a Company or as a trustee of a Trust (including bare Trusts). You are aware these rules also include trustees or Bare Trusts (being on title to a property but having no beneficial ownership of the property).

You understand it is your responsibility to determine if you are an "affected owner" and are required to file the UHT return. DAL is NOT responsible for making this determination.

You would like to engage DAL to prepare and file on CRA online, the UHT return(s) for you based on your determination that you are required to file.

Signature: _____

Date: _____