

Extension – CRA announced that interest and penalties will be waived if your UHT return is filed and all tax paid by 31 October 2023.

Tax Alert: Underused Housing Tax (“UHT”) Filing Deadline – 1 May 2023

CRITICAL *PLEASE READ*** - THIS WILL APPLY TO YOU IF YOU OWN RESIDENTIAL PROPERTY AND ARE NOT A CANADIAN CITIZEN/PERMANENT RESIDENT OF CANADA. IT MAY ALSO APPLY TO YOU IF YOU ARE A CANADIAN CITIZEN/PERMANENT RESIDENT OF CANADA AND YOU OWN RESIDENTIAL PROPERTY IN THE FOLLOWING CIRCUMSTANCES:**

1. One spouse is the 100% legal title holder but the residential property is beneficially owned by both spouses. Please check your title documentation. If the property is rented, do you both report the rental income? or,
2. You were added to title for probate fee planning purposes (added to title of a parent’s property), or
3. You were added to title for financing purposes (to obtain a mortgage), or
4. You are a shareholder of a company that owns residential property, or
5. You set up a joint spousal trust, joint partner trust or alter ego trust and transferred the residential property to the trust, or
6. You are a trustee of any other type of trust that owns residential property.

These are some common scenarios but is in no way an exhaustive list of situations in which a Canadian citizen may be required to file a UHT return. In most situations, you will be eligible for claiming an exemption from the UHT, however one must file a UHT return in order to claim an exemption.

The UHT was enacted to tax affected owners of residential properties that are underused or vacant. An affected owner is generally anyone other than a Canadian citizen or permanent resident of Canada. The tax rate is 1% of the property’s assessed value, or the sale price if a sale occurred in the previous year, whichever is greater.

The enacted legislation also provides that certain Canadian taxpayers such as Canadian corporations, partners of Canadian partnerships and Canadian trusts that own Canadian residential property will need to file and apply for an exemption from the tax. **The fine for non compliance starts at \$5,000 per return for an individual and \$10,000 for a corporation.**

Please contact your engagement partner if you have one of the above noted situations or your ownership of residential property is anything other than by you as both legal and beneficial ownership.

ENGAGING ROLFE BENSON LLP TO PREPARE UHT RETURNS

We will prepare your UHT return only if you separately engage us to do so. You can request an engagement letter by emailing our administrative team at admin@rolfebenson.com. In the subject line, please reference: Underused Housing Tax. We estimate our fees for preparation of UHT returns to start at \$700 for the first UHT-2900 return plus \$300 per additional UHT-2900 return prepared in respect of each residential property owned by each engaged identified owner, plus disbursements and GST.

In order to guarantee timely completion of the UHT return on your behalf, we will require notification from you that you are engaging us and providing all the required information to us **no later than 31 August 2023**.

We are enclosing a detailed checklist for you to complete as best you can. Documents to provide to us:

- Most recent property tax notice.
- Land title documents showing the Property Identification Number under the Land Titles or Land Registry.
- Confirm ownership type – sole, joint tenancy, tenants in common
- Name and percentage of each owner on title.
- Year of purchase
- If acquired in 2022, copy of the purchase documents eg. Statement of adjustments.
- If you will be claiming the Exemption for qualifying occupancy (Part 5), please provide a copy of the written lease agreement.

Yours truly,

ROLFE BENSON LLP

Underused Housing Tax Return Checklist

TO BE PREPARED BY EACH OWNER REGISTERED ON TITLE

Year: 1 January 2022 - 31 December 2022

Part 1 - Owner information

Legal Name of Registered Owner: _____ SIN/ITN/BN: _____

Mailing Address if different from on file: _____

Citizenship of owner who is an individual: _____

Do you own the residential property as a partner or partnership? Yes No
If yes, what is the partnership account number? _____ RZ _____

Part 2 - Information about your residential property

What is the physical address of the residential property you own in Canada?

You must fill out a separate return for each property.

Address: _____

Residential property type:

Detached house Duplex Triplex Semi-detached house
 Townhouse or rowhouse unit Residential condominium unit

What year did you become an owner of the residential property: _____

What type of ownership do you have?

Sole Joint tenancy Tenants in common

What is your ownership percentage as at 31 December 2022? _____ %

Does an owner have **10% or more interest** in the property? Provide the information below:

Name of owner(s)	Ownership percentage
1	
2	
3	
4	
5	
6	
7	
8	
9	

What is the assessed value of the property that is (or includes residential property)? \$ _____

What was the residential property's most recent sale price on or before 31 December of the calendar year?
\$ _____

Part 3 - Multiple residential properties

This applies to owners who are individuals and that are neither Canadian citizens nor permanent residents of Canada. If you are a corporation, this part does not apply to you.

Section 1 - Multiple properties - All individuals must fill out this section

(a) Are you an owner of any other residential properties in Canada? Yes No

If yes, how many other residential properties do you own? _____

(b) Do you have a spouse or common-law partner who is neither a Canadian citizen nor a permanent resident of Canada who is an owner of any residential properties in Canada? Yes No

If you selected "yes" to any of the above in Part 3, Section 1, your ability to claim an exemption in **Part 4 or Part 5** for your, or your spouse's or common-law partner's personal occupancy of the properties will be restricted unless you, or your and your spouse or common-law partner, elect to designate one of the residential properties for the calendar year.

Section 2 - Election to designate a residential property

Only fill out if you answered "yes" to 1(a) and "no" to 1(b).

Are you electing to designate the residential property described in **Part 2** for the calendar year? Yes No

Section 3 - Joint election to designate a residential property

Only fill out if you answered "yes" to 1(b).

Are you and your spouse or common-law partner electing to designate the residential property described in **Part 2** of the calendar year? Yes No

If "yes", has your spouse or common-law partner consented to this election? Yes No

Legal name of spouse or common-law partner: _____

SIN or ITN: _____

If "no", are you and your spouse or common-law partner electing to designate another residential property for the calendar year? Yes No

Address: _____

Are you also the owner of the other residential property?

If "yes", has your spouse or common-law partner consented to this election? Yes No

Legal name of spouse or common-law partner: _____

SIN or ITN: _____

Part 4 - Exemption for primary place of residence

Is the residential property occupied by an owner or members of the owner's family? Only owners who are individuals qualify. Yes No

Is the residential property a primary place of residence under one of the two following situations? Yes No

1. A dwelling unit that is your, your spouse or common-law partner's primary place of residence for the calendar year. Yes No
2. A dwelling unit of your child, or a child of your spouse or common-law partner's primary place of residence while pursuing authorized study at a designated learning institution for the calendar year. Yes No

Part 5 - Exemption for qualifying occupancy

Is there one or more qualifying occupancy periods totaling at least 180 days in the calendar year? Do **not** include periods of continuous occupancy that are less than a month. Yes No

Is your ownership of the residential property exempt under the qualifying occupancy exemption?

If "no", go to **Part 6**.

If "yes", select ALL situations below that apply to you and your ownership. Then go to **Part 8**.

An individual who deals at arm's length with you (or, if applicable, spouse or common-law partner) was given continuous occupancy of a dwelling until under a written agreement.

Total number of calendar days for this qualifying occupancy period. _____

An individual who deals at arm's length with you (or, if applicable, spouse or common-law partner) was given continuous occupancy of a dwelling until under a written agreement and is not below fair rent.

Total number of calendar days for this qualifying occupancy period. _____

You, or your spouse or common-law partner have continuous occupancy for the purpose of pursuing authorized work under a Canadian work permit.

Total number of calendar days for this qualifying occupancy period. _____

Your spouse or common-law partner, parent, or child who is a Canadian citizen or permanent resident of Canada has continuous occupancy.

Total number of calendar days for this qualifying occupancy period. _____

Part 6 - Other exemptions

Is your ownership of the residential property exempt under any of the following exemption? If "no", go to **Part 7**. Yes No

If "yes", select the exemption below that applies to you or your property. Then go to **Part 8**.

You are an owner of the residential property solely in your capacity as one of the following:
* a Partner of partnership that is a specified Canadian partnership.
* a trustee of a trust that is a specified Canadian trust.

You are an owner of the residential property who is a specified Canadian corporation.

The specified property is not suitable for year-round use as a place of residence.

The residential property is seasonally inaccessible because public access is not maintained year-round.

The residential property is uninhabitable for at least 60 consecutive days due to disaster or hazardous conditions caused by circumstances beyond your control and this did not apply for the same disaster or hazardous condition for more than one previous calendar year.

Date when property became uninhabitable _____

Date when property became uninhabitable again (if applicable) _____

The dwelling unit that is part of the residential property was uninhabitable for at least 120 consecutive days due to renovations, any work related to renovations is carried on without unreasonable delay and this exemption did not apply for any of the 9 previous calendar years.

Date when property became uninhabitable _____

Date when property became uninhabitable again (if applicable) _____

You became an owner of the residential property in the calendar year and you were never an owner of the residential property in the previous 9 calendar years.

The owner died during the calendar year or in the previous calendar year.

You are the personal representative of a deceased person who owned at least 25% on the date of death.

The construction of the residential property is not substantially completed before April of this year.

The construction of the residential property was substantially completed in January, February or March of this year, is offered for sale to the public and has never been occupied by an individual as a place of lodging during the year.

The residential property is located in an eligible area as is used as a place or residence or lodging by you, or your spouse, or common-law partner for at least 28 consecutive days during the year.

Part 7 - Fair market value (FMV) election

If you choose to make a FMV election, you are electing to use the FMV of your property **not** the taxable value.

The amount you report must be supported as a written appraisal, prepared and accredited by a real estate appraiser, operating at arm's length from you with an effective date between January 1 of the calendar year and April 30 of the following year.

Are you electing to use the FMV of the property to calculate the tax owing? Yes No

If "yes", what is the appraised FMV? \$ _____

Effective date of FMV appraisal _____

Certification of information given to Rolfe, Benson LLP

I certify that the information given in this worksheet and any attached document(s) is correct and complete. I understand that any missing or incorrect information may delay the process of my return. I also understand that it is a serious offence to make a false statement.

Print Name of authorized person

Position

Signature of authorized person

Date