

Underused Housing Tax (UHT) - Quick Reference Chart

The new Underused Housing Tax (UHT) imposes a 1% annual tax on the value of residential real estate considered to be vacant or underused that is owned on December 31 of each year. The government indicated that the tax would target property owned by non-Canadians; however, the scope of filing requirements extends to many Canadian entities and individuals, including private corporations, and trustees of a trust. The first filings and taxes are due on October 31, 2023.

This summary is intended to be a general guide in determining filing obligations and tax exposure. The specific [legislation](#), [regulations](#) and [CRA administrative policy](#) should be reviewed for a complete and detailed understanding.¹

STEP 1: Are you subject to the UHT rules?

Were you the legal owner (the person/entity registered on title), jointly or otherwise, of a residential property in Canada as of December 31²?

If so, go to STEP 2. If not, you are not subject to the UHT Act.

STEP 2: Are you required to file an annual return?

Excluded owners are not required to file a UHT return.

Excluded owners include³:

- Canadian citizens or permanent residents** (under the Immigration and Refugee Protection Act)
 - individuals that hold an interest in the property as a **partner** of a partnership or as a **trustee** of a trust (except personal representatives of a deceased individual⁴ [ex. executor of an individual's will]) are **carved out of this exclusion**
- corporations** that are both incorporated under the laws of Canada or a province and listed on a **Canadian stock exchange** (that is, **private corporations are not excluded owners**)
- registered charities**
- cooperative housing corporations
- municipalities, Indigenous governing bodies, or corporations owned by such entities
- the Government of Canada and government of a province, or an agent of either
- various forms of publicly-traded trusts
- certain other public service bodies (e.g. universities, public colleges, school authorities, hospital authorities)

If you are an excluded owner, you have no obligations or liabilities. If you are not an excluded owner (CRA refers to these persons as "affected owners"), you must file a UHT return by October 31 – go to STEP 3.

STEP 3: Are you required to pay the UHT?

If you meet any one of the exemptions, no tax will be payable when you file your return. The most common type of exemption is based upon characteristics of the owner of the property.

- a **specified Canadian corporation** – where foreign owners (corporations incorporated or continued outside the laws of Canada or a province and individuals that are not Canadian citizens nor permanent residents) do not own or control, directly or indirectly, 10% or more of the corporation (by share value or voting rights)⁵
- a **specified Canadian partnership** – where each member is, on Dec. 31, an excluded owner or a specified Canadian corporation⁶
- a **specified Canadian trust** – where each beneficiary that has a beneficial interest in the property is, on Dec. 31, an excluded owner or a specified Canadian corporation⁷

STEP 4: File the annual return and pay the tax (if no exemption is met) by October 31.

Those who are required to file should complete and file Form UHT-2900, Underused Housing Tax Return and Election Form. A separate return is required for each owner of each property. **Individual owners that fail to file the return on time are subject to a minimum \$5,000 penalty, while corporations are subject to a minimum \$10,000 penalty.** Additional penalties can apply to the filings under various circumstances, including loss of access to the exemptions under Paragraphs 6(7)(c) to (f) and Subsections 6(8) and (9) (not usable for the full year, uninhabitable, primary place of residence and qualifying occupancy) when computing the penalty tax if the return is not filed by December 31 of the following year.⁸ There is no time limit for CRA to assess the UHT tax liabilities, penalties and interest where taxpayers fail to file a required return.⁹

Additional UHT Resources

- General CRA Administrative Guidance – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html>
- Underused Housing Tax Technical Information – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information.html>
- Underused Housing Tax Notices – <https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information/underused-housing-tax-notices.html>
- Underused Housing Tax Forms – <https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/uht-2900/uht-2900-22e.pdf>
- Underused Housing Tax Vacation Property Designation Tool – <https://apps.cra-arc.gc.ca/ebci/sres/ext/pub>
- Underused Housing Tax Act And Related Regulations made under this Act – <https://laws-lois.justice.gc.ca/eng/acts/U-0.5/index.html>

- 1 All legislative references refer to the [Underused Housing Tax Act](#), unless otherwise noted. Note that many of the below terms are defined in Section 2 of the UHT Act. Many provisions of the UHT Act provide for modification by future regulation. All reference to “year” in the chart refer to “calendar year,” unless otherwise noted.
- 2 A residential property includes a detached house or similar building containing not more than three dwelling units, as well as a part of a building that is a semi-detached house, row house unit or residential condominium unit (definition of residential property in Section 2). CRA provided numerous examples of buildings that they consider to fall within, and outside, of this definition in [UHTN1 Introduction to the Underused Housing Tax](#). Those who are a life tenant or have a life lease and those who have a long-term lease of land (20 year or longer lease, or lease with an option to purchase land) on which a residential property sits may also be subject to these rules.
- 3 Definition of excluded owner in Section 2
- 4 A personal representative, in respect of a deceased individual, means the executor of the individual’s will, the liquidator of the individual’s succession, the administrator of the estate of the individual or any person that is responsible under the appropriate law for the proper collection, administration, disposition and distribution of the assets of the estate or succession of the individual (definition of personal representative in Section 2)
- 5 Paragraph 6(7)(b) and definition of specified Canadian corporation in Section 2
Where a corporation has no share capital, a specified Canadian corporation is a corporation having no chairperson or other presiding officer who is not a citizen nor a permanent resident or a corporation not having 10% or more of its directors who are neither Canadian residents nor citizens.
- 6 Subparagraph 6(7)(a)(i) and definition of specified Canadian partnership in Section 2
- 7 Subparagraph 6(7)(a)(ii) and definition of specified Canadian trust in Section 2
- 8 CRA has the discretion to waive interest and penalties (Sections 26 and 48).
- 9 Subsections 6(5) and (6), and Sections 7, 47 – 52

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If you have any questions, please reach out to your contact at BLLP at 306-657-8999.

