

## URGENT MATTER: Are you subject to the underused housing tax requirements?

The Underused Housing Tax (“UHT”) came into effect on January 1st, 2022. The deadline to file a UHT declaration and pay UHT, where required, is April 30, 2023.

The UHT is a 1% tax on the value of “vacant or underused housing” in Canada. This is an annual tax based on the fair market value of the property, usually considered to be equal to the latest municipal evaluation.

Residential property includes:

1. A detached house or similar building that contains not more than 3 dwelling units, along with any appurtenances and the related land, or
2. A semi-detached house, rowhouse unit, residential condominium unit or similar premises, along with any common areas, appurtenances and the related land.

Generally, an individual, who is a citizen or permanent resident of Canada, will not be required to file a UHT return or pay the UHT unless the individual holds the property via a trust or partnership. If Canadian property is held via a trust or partnership, there is a requirement to file the UHT return. However, there may not be an actual obligation to pay UHT itself in this situation.

The following persons are required to file a UHT return:

1. Individuals who are not citizens or permanent residents of Canada and who are the owners of residential property in Canada in any capacity;
2. Individuals who are citizens or permanent residents of Canada and who are owners of residential property in Canada in either of the following capacities:
  - as a trustee of a trust;
  - as a partner of a partnership;
3. corporations that are incorporated otherwise than under the laws of Canada or a province and that are owners of residential property in Canada in any capacity;
4. corporations that are incorporated under the laws of Canada or a province whose shares are not listed on a Canadian stock exchange and that are owners of residential property in Canada in any capacity;
5. corporations that are incorporated under the laws of Canada or a province without share capital and that are owners of residential property in Canada in any capacity.

Note that the penalties for non-compliance are a minimum of \$5,000 for an individual and a minimum of \$10,000 for a corporation.

If you believe that your situation may meet one of the requirements above, please inform your PSB Boisjoli representative as soon as possible to determine if you are required to file the UHT return and if you are required to pay UHT.