

TAX TALK

UNDERUSED HOUSING TAX (UHT)

Overview

The UHT will apply to underused housing in Canada owned directly or indirectly by non-resident, non-Canadians, whether in whole or in part.

The UHT will apply to an owner of residential property in Canada as of December 31 of that calendar year if:

1. They are required to file an annual declaration for the property for the calendar year; and
2. They are not eligible to claim an exemption for the property for the calendar year.

Further, the UHT will be calculated by multiplying the determined value of the property by the 1% rate of the UHT. An owner will be liable for the UHT based on their percentage ownership in the property. If a property has many owners, each owner is responsible for their share of the tax.

Generally, for purposes of UHT, residential property is property situated in Canada that is either of the following:

- a detached house or similar building that contains not more than three dwelling units, along with any appurtenances and the related land
- a semi-detached house, rowhouse unit, residential condominium unit, or other similar premises, along with any common areas or appurtenances and the related land

Underused Housing Tax Filing and Tax Payment Obligations

Type of Entity	Filing Obligation	Tax Obligation
Canadian citizens who own property personally	No	No
Canadian corporations, trustees and partners who are listed on the land registry as owners of residential property	Yes	No
Non-Canadian citizens who own residential property	Yes	Yes ¹

We Can Help

Your MG advisor can help you review your situation and guide you in developing a plan to deal with your specific tax situation. You will be contacted shortly by your advisor to review the filings required and determine whether you would like us to file this return for you, or if you prefer to file it yourself.

¹ Exemptions may exist to reduce the tax payable.

Appendix - Information Required For Filing the Underused Housing Tax Return

Information for each residential property owner is:

- Legal name of owner including:
 - Social insurance number (SIN),
 - individual tax number (ITN),
 - partnership number (RZ),
 - Trust account number, or
 - Corporate business number with an UHT program account (RU)
- Mailing address
- Contact name
- Country of citizenship of the owner, if not Canadian

Information for each residential property in Canada:

- Physical address of the residential property including city, province and postal code
- Additional required information on the residential property identification must include the Property ID used in the land registration system
- Property tax or assessment roll number (if applicable)
- Type of residential property
 - Detached house
 - Duplex
 - Triplex
 - Semi-detached house
 - Townhouse or rowhouse unit
 - Residential condominium unit

Ownership of the residential property:

- Year the residential property was acquired

Type of ownership:

- Sole
- Joint tenancy
- Tenants in common

Only the owner listed on the land registry on December 31st must file the UHT return, however, the return must provide the following information on all other owners of the property having an interest of 10% or more:

- Name of owner
- Ownership percentage

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Taxable value of the residential property:

- The assessed value of the residential property based on the property tax assessment such as a Municipal Property Assessment Corporation (MPAC) report.
- The most recent sale price of the residential property on or before December 31 of the calendar year, if you bought the property in the current year

A memorandum of this nature cannot be all-encompassing and is not intended to replace professional advice. Its purpose is to highlight tax planning possibilities and identify areas of possible concern. Anyone wishing to discuss the contents or to make any comments or suggestions about this TaxTalk is invited to contact one of our offices.

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