

Underused Housing Tax (UHT) – Quick Reference Chart (for 2023 and future years)

(01/02/2024)

The 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. Filings and taxes are due by April 30 of the following year.¹ This chart 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.²

STEP 1: Are you subject to the UHT rules?

Were you the **legal owner**³ (the person/entity registered on title), jointly or otherwise, of a **residential property** in Canada as of December 31? A residential property could be a detached house or similar building, containing not more than three dwelling units. It could also be a semi-detached house, a rowhouse unit, a residential condominium unit or any other similar premises that is a separate parcel (i.e. has its own title).⁴ A dwelling unit is a residential unit that contains private kitchen facilities, a private bath and a private living area.

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 individual⁵ [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)
- specified Canadian corporations** – 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)⁶
- partners of specified Canadian partnerships** – where each member is, on Dec. 31, an excluded owner⁷
- trustees of specified Canadian trusts** – where each beneficiary that has a beneficial interest in the property is, on Dec. 31, an excluded owner⁸
- 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 filing 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 April 30¹ – go to **STEP 3**. The exemptions in **STEP 3** are irrelevant for excluded owners.

STEP 3: Are you required to pay the UHT?

If you are not an excluded owner, but you meet any one of the exemptions set out below under four broad categories, no tax will be payable when you file your return.

3A – Type of Owner of the Property:

- new owner** – owner acquired the property in the year and was not an owner of that property at any time in the prior 9 years⁹
- owner died** in the year or prior year¹⁰
- the **personal representative** of a **deceased individual**⁴ (exemption applies for the year of death and subsequent year) and the person was not an owner of the property in either of the years¹¹
- a **co-owner** of a property where another co-owner held at least 25% of the property at their death (exemption applies for the year of death and subsequent year)¹²

3B – Availability of the Property:

- if the property is under **construction** and is **not substantially completed** before April of the year¹³
- if **construction** of the property is **substantially completed** between January 1 and March 31, the property is put for sale to the public during the year and the property was never occupied by an individual as a place of residence during the year¹⁴
- property is **not suitable to be lived in year-round**¹⁵ or **seasonably inaccessible** due to public access not maintained year-round¹⁶

- property is **uninhabitable** (at least 60 continuous days in the year) due to a **disaster** or hazardous conditions (this exemption is only available for a maximum of two years in respect of the same disaster)¹⁷
- property is **uninhabitable** (at least 120 consecutive days in the year) due to ongoing **major renovations** (this exemption is only available once every 10 years)¹⁸

3C – Occupant of the Property:

- primary place of residence** for the year of the individual, their spouse or common-law partner¹⁹, or their child²⁰ attending a designated learning institution
- one of the following individuals continuously occupies the property for a period of at least a month (**qualifying occupancy**), for a total of at least 180 days in the year²¹
 - an **arm's length** individual who occupies the property under a written agreement
 - a **non-arm's length** individual who occupies the property under a written agreement and pays at least fair rent (5% of the value of the property)

- the owner or their spouse or common-law partner, while the individual is in Canada for **work**, and the occupancy relates to that purpose
- the owner or their spouse or common-law partner, parent or child who is a **Canadian citizen** or **permanent resident**

3D – Location and Use of the Property:

- property** is located in an **eligible area** of Canada (certain areas that are more rural; see the [UHT vacation property designation tool](#) to determine eligible regions)²² and **meet either** of the following **conditions**:
 - it is **used** by the **owner or their spouse** or common-law partner for **at least 28 days in the year** (vacation property exemption); or
 - the owner, or another person that is related to the person, carries on business in Canada and the property is held during the calendar year primarily to provide a **place of residence** or lodging to a **worker** at a location at which they are required to be in the performance of their duties

If you do not meet any exemptions, go to **STEP 4**. If you meet at least one exemption, go to **STEP 5**.

STEP 4: Calculate the tax.

The UHT is 1% of the greater of the property's assessed value for the year for property tax purposes and the most recent sale price, applied to the ownership percentage. An owner can also elect to use the property's fair market value as determined at any time during the year and up to April 30 of the following year.¹ CRA requires an appraisal with specific parameters to use this election.²³ **Once tax is calculated, go to STEP 5.**

STEP 5: File the annual return and pay the tax (if no exemption is met) by April 30.¹

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 \$1,000 penalty, while corporations are subject to a minimum \$2,000 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), Subsections 6(8) and (9) and Regulations Paragraph 2(3)(a) (not usable for the full year, uninhabitable, primary place of residence, qualifying occupancy and vacation property) when computing the penalty tax if the return is not filed by December 31 of the following year.²⁴ There is no time limit for CRA to assess the UHT tax liabilities, penalties and interest where taxpayers fail to file a required return.²⁵

Notes:

- 1 CRA has provided [transitional relief](#) for the 2022 calendar year. They will waive any late-filing and late-payment penalties, provided that the return is filed and the UHT is paid by April 30, 2024.
- 2 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.
- 3 Definition of owner and excluded owner in Section 2.
If a person is an owner of a residential property in their capacity as a partner of a partnership or a trustee of a trust, the person is considered a separate person for each of the capacities in which the person holds the property (Section 4.1).
- 4 A residential property includes the building, appurtenances to the building and the land subjacent or immediately contiguous to the building that is reasonably necessary for its use and enjoyment as a place of residence for individuals. A unit that is intended to be a separate parcel or other division, able to be owned apart from any other unit in the building is a separate residential property even if separate title has not yet been obtained or even applied for (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.
A residential condominium unit that is part of a building containing four or more is not a "residential property" if the person is the owner of all or substantially all of the residential condominium units in the building and all or substantially all of the residential condominium units in the building of which the person is the owner are held by the person for the purpose of providing individuals with continuous occupancy of a residential condominium unit as a place of residence or lodging for a period of at least one month (Regulations Section 1.1).
- 5 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). In [UHTN15, Questions and Answers About the Underused Housing Tax](#), CRA indicates that a deceased individual's status as an excluded owner would continue after death. That is, if title to a residential property remained in the name of a deceased person who was a citizen of Canada at the date of their death, the property would be considered owned by an excluded owner. (Question 12.1)
- 6 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.
- 7 Definition of specified Canadian partnership in Section 2.
The description above is a general summary of the definition. For complex ownership structures, a detailed review should be undertaken to ensure the owner falls within the legislated definitions.
- 8 Definition of specified Canadian trust in Section 2.
The description above is a general summary of the definition. For complex ownership structures, a detailed review should be undertaken to ensure the owner falls within the legislated definitions.
- 9 Paragraph 6(7)(g)
- 10 Paragraph 6(7)(h)
- 11 Paragraph 6(7)(i)
- 12 Paragraph 6(7)(j)
- 13 Paragraph 6(7)(k)
- 14 Paragraph 6(7)(l)
- 15 Paragraph 6(7)(c)
- 16 Paragraph 6(7)(d)
- 17 Paragraph 6(7)(e)
- 18 Paragraph 6(7)(f)
- 19 Subsections 6(10) - (12)
If an individual and their spouse or common-law partner own multiple residential properties, they must file an election to designate a single property for the purposes of the exemption.
- 20 Subsection 6(8)
- 21 Subsection 6(1)
- 22 Paragraph 6(7)(m), and Regulations Subsection 2(3)
Vacation property exemption - An individual or a spousal unit can claim this exemption for only one residential property for 2024 and later calendar years (Regulations Paragraph 2(3)(a)).
Worker exemption - The worker must be required to perform their duties in that location as an employee/officer of the owner; a contractor (or their employee); or a subcontractor (or their employee) (Regulations Paragraph 2(3)(b)).
- 23 Subsections 6(3) and (4)
- 24 CRA has the discretion to waive interest and penalties (Sections 26 and 48).
- 25 Subsections 6(5) and (6), and Sections 7, 47 - 52
- 26 This chart reflects changes proposed in the 2023 Fall Economic Statement that were included in [draft legislation and explanatory notes](#) released for consultation. The final legislation may differ. The changes are effective in 2023 or later years. This chart is not reflective of the rules for filings for the 2022 year. For example, specified Canadian corporations, partners of specified Canadian partnerships and trustees of specified Canadian trusts were added as excluded owners in 2023 and not for the 2022 year.

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 (UHTNs) – <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/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax/underused-housing-tax-technical-information/underused-housing-tax-forms.html>
- Underused Housing Tax Act and Related Regulations made under this Act – <https://laws-lois.justice.gc.ca/eng/acts/U-0.5/index.html>
- Proposed Amendments from 2023 Fall Economic Statement – <https://fin.canada.ca/drleg-apl/2023/uhta-ltsu-1123-eng.html>



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