

## What is Underused Housing Tax (UHT)?

The Underused Housing Tax ("UHT") is an annual 1% property tax on the value of a **residential property** that is considered vacant or underused in Canada.

The intent of the UHT is to target vacant or underused houses in Canada, mainly those owned, directly or indirectly, by individuals who are not citizens or permanent residents of Canada.

While most Canadian individuals are excluded from the UHT, there are situations where certain Canadian individuals have filing obligations. In order for a homeowner to be exempt from all UHT filings, they have to be an excluded owner.

## Who Needs to File the UHT Form?

Every person who is identified as an owner of a residential property under the relevant land registration system, other than an excluded owner, needs to file an annual UHT-2900 Underused Housing Tax Return and Election Form. The return must be filed, and any tax remitted by April 30 of the following calendar year.

\* All corporations that own residential property must file the form.

\* If you are a partner of a partnership, each partner must file the form.

\* If you are a trustee of a trust, you must file the form.

Examples of this are:

- If husband and wife own a rental property and jointly split the income on their tax return, both husband and wife each must file UHT-2900 for each dwelling.
- If multiple people own a property together, each partner must file a UHT-2900 form.
- If a parent cosigns on their child's mortgage - the parent is the trustee. If a child is added to the parent's home title - the child is the trustee. The trustee must file UHT-2900 on the dwelling of interest.

## Definitions

Owner - registered in land registration system or life tenant under life estate

Residential property - Residential property (dwellings) includes houses, town houses, condos, vacation homes, cabins, cottages, duplexes, triplexes. 4-plex & higher dwellings are not considered residential properties.

Partnership - the relationship between two or more people to carry on a business with a view to profit. It is not consider a partnership if there is no business and no view to make a profit (personal use of property)

Trustee - the beneficiary of residential property

## UHT Forms and Due Dates

- Form UHT-2900 is to be filled for each residential property for a calendar year, starting with December 31, 2022. Link to form UHT-2900 below:

<https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/uh-2900/uh-2900-22e.pdf>

- Form UHT-2900 and any taxes owing are due April 30th of the following year.
- Interest will be charged on any amounts not paid by April 30th, based on CRA prescribed interest rates.

## Underused Housing Tax Filing Penalties

CRA may assess and demand a penalty even if there is no UHT payable. If you fail to file your return by April 30th of the following calendar year, the penalty is calculated as the greater of the following:

- \$5000 for individuals
- \$10,000 for corporations

**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**

