



Underused Housing Tax – not necessarily underused!

The filing deadline for the Underused Housing Tax return was extended to October 31st for this year only. So, we felt a refresher would be a good thing. Here is a brief review of this new law and we want you to understand that **this new law does not just apply to non-residents or to “underused” residences.**

If residential real estate is owned in Canada AND it is owned:

- o by a corporation; OR
- o by a trustee of a trust (including bare trusts and testamentary trusts); OR
- o in some cases, by a personal representative of a deceased individual; OR
- o as a partner of partnership; OR
- o in joint ownership with a spouse, children, or another person; OR
- o in title only (eg: to facilitate financing for someone else), OR
- o by a non-resident person; OR
- o by someone who does not have permanent residency status;

Then there is a requirement to file a FEDERAL “Underused Housing Tax” form to:

- either **pay a tax of 1%** of the value of the property, **OR**
- **claim an exemption** from the tax.

A property may be subject to these requirements even if it is not vacant.

PENALTIES ARE SUBSTANTIAL FOR NON-FILING – even if an exemption from the tax applies.

Application of the new Underused Housing Tax Act depends on the particular facts of each case. This notice may not describe all forms of ownership. Different property uses may or may not qualify as residential real estate for purposes of this new law. The above information has been prepared to sensitize you to a potential filing requirement and penalty exposure. If you are unsure if your situation requires an Underused Housing Tax filing, don't hesitate to contact your Padgett advisor.

