



**BUCHANAN BARRY LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

## 2022 Personal Income Tax Return

It is once again time to prepare your personal tax return. The 2022 return is due **May 1, 2023**, unless you or your spouse (if applicable) were self-employed in 2022, in which case the return is due June 15, 2023. In all cases – self-employed or not – any tax owing is due by **May 1, 2023** after which interest charges will apply.

We are enclosing a **Personal Tax Organizer** to assist you with gathering your personal tax information. Please be sure to provide us with your personal tax information as soon as possible (**no later than April 17, 2023**) including details of any changes in your personal circumstances (such as marital status, new child, new address, *etc.*).

Provided it is eligible, **your tax return will be filed electronically.**

Your completed tax return package will contain a copy of your return, the information you provided for the preparation of your return and an electronic filing consent form (if your return is eligible to be filed electronically). **We are obliged by law to have a signed copy of the electronic filing consent form on hand before electronically filing your return. Please review, sign, and return the electronic filing consent form to us as soon as you receive it.**

The Government of Canada requires all payments and remittances made to the Receiver General, **in excess of \$10,000, to be made through electronic means**, including in person at a financial institution, online using your financial institution's online banking service or using the CRA My Payment service. Failure to do so may result in a \$100 penalty per failed attempt.

Tax information is also available on our website [www.buchananbarry.ca](http://www.buchananbarry.ca).

### *The Underused Housing Tax (UHT)*

The new UHT imposes a 1% annual tax on the value of residential real estate considered to be vacant or underused owned on December 31 of each year. The tax is intended to target property owned by non-Canadians; however, the scope of the filing requirements extends to many Canadian entities and individuals, including private corporations, and trustees of a trust.

**The first filings and taxes are due on May 1, 2023.** Failing to file on time – even if no tax is owing – attracts minimum penalties of \$5,000 (individuals) or \$10,000 (corporations). Please review the **UHT Quick Reference Chart** included with your organizer to determine if you have a filing requirement.

One circumstance that triggers a filing requirement that is perhaps not immediately apparent is if you hold title to a property in trust for another person (other than as an executor of an estate). For instance, many elderly people will add family members to the title of their home so as to avoid the need for probate upon the elder's death. To the extent the elder remains the beneficial owner of the property (i.e., if they sold it during their lifetime, they would keep all of the money and report 100% of the sale on their tax return), the added family member has to file a UHT return.

Should you have any questions regarding the preparation of your personal tax return, or the information contained herein, please contact your designated Buchanan Barry team member. General inquiries can be made at (403) 262-2116 or [mailbox@buchananbarry.ca](mailto:mailbox@buchananbarry.ca).

**Thank you for the opportunity to be of service again this tax season!**

### ***First Home Savings Account (FHSA)***

The FHSA offers prospective first-time home buyers the ability to save \$40,000 tax-free. Like RRSP's, contributions to an FHSA are tax deductible. Like TFSA's, income and gains inside an FHSA as well as withdrawals are tax-free. Contributions are limited to \$8,000 annually to a lifetime maximum of \$40,000. To open an FHSA you must be at least 18 years of age, resident in Canada, and be a "first-time home buyer". Contact your bank or financial institution if you think you or a loved one might qualify.

Buchanan Barry LLP publishes a monthly Tax Newsletter with easy to understand tax information. The Tax Newsletter and additional information is available on our website [www.buchananbarry.ca](http://www.buchananbarry.ca). Here's a list of some of the topics we addressed in 2022:

- Air quality improvement tax credit
- Charities and GST/HST
- Childcare expenses
- Computation of business profit
- Computer consultants
- Convention expenses
- Court cases - Why are they important?
- CRA getting more information from trusts - including bare trusts
- Do you have a large bank account number in another country?
- Employee stock options
- Federal budget highlights
- Flat rate home office expenses extended
- Fuel charge credit for farming businesses
- Gains and losses on personal-use property
- Gifts and non-arm's length transfers
- Loans to your adult children
- Low or no-interest employee loans
- Make money volunteering for a charity
- Must you disclose your tax planning to the CRA?
- No tax on investment income - Are you maxing out your TFSA?
- Partnership information returns
- Planning in the age of COVID - life insurance can help
- Preserve your wealth and create a charitable legacy
- Qualified disability trusts
- Residential property flipping
- Reversionary/revocable trusts
- RRSP vs. TFSA - which is better?
- Should you file if you can't pay?
- Standby charge for use of employer's car
- Starting a home business
- Superficial losses
- Taxation of accounts receivable
- Taxation of Shareholder loans
- The capital gain reserve
- The general anti-avoidance rule
- The small business deduction
- Unearned receipts in your business
- Superficial losses
- Working on commission? You can get more deductions than other employees

### ***Foreign Property***

The reporting requirements for "specified foreign property" can be very onerous to comply with which may result in additional fees because of the additional time involved. Failure to properly report "specified foreign property" can attract significant adverse tax consequences, including a late filing penalty of \$25 a day to a maximum of 100 days (*i.e.* \$2,500). Please note that the information return to report "specified foreign property" is required to be filed by the same date as your personal income tax return (*i.e.* May 1, 2023 or June 15, 2023 for self-employed individuals).

Even property held in Canada can constitute "specified foreign property", such as shares of U.S. or European corporations held in a Canadian investment account or debts owed by non-residents. Please refer to the **Foreign Income Verification Statement** section of the enclosed organizer if you had "specified foreign property" with an aggregate cost greater than \$100,000 CAD at any time during 2022.

### ***Direct Deposit for Government Payments***

Enrollment instructions and forms are available on the Canada Revenue Agency's website (we are unable to enroll you on your behalf): <https://www.canada.ca/en/revenue-agency/services/about-canada-revenue-agency-cra/direct-deposit.html>.

# 2022 PERSONAL TAX ORGANIZER

## PERSONAL INFORMATION

Name \_\_\_\_\_

Address \_\_\_\_\_ SIN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

\_\_\_\_\_ Date of birth (MM/DD/YY) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Email \_\_\_\_\_ Telephone (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Prov. of residence on Dec. 31, 2022 \_\_\_\_\_ Marital status \_\_\_\_\_

Are you a Canadian citizen? **Yes**  **No**

Do you authorize Canada Revenue Agency to provide your name, address, date of birth and citizenship to Elections Canada to update the National Register of Electors? This authorization is valid until you file your next tax return. **Yes**  **No**

Are you or your spouse a U.S. Citizen, Resident or Greencard holder, or have some other ties to a foreign jurisdiction? **Yes**  **No**

*If yes, provide details* \_\_\_\_\_

Have you spent more than 30 days in the U.S. in any of the last three (3) years? **Yes**  **No**

*If yes, please provide the number of days spent in the U.S. in each of the three (3) years: 2020 - \_\_\_\_\_ 2021 - \_\_\_\_\_ 2022 - \_\_\_\_\_*

If change of marital status in 2022 (MM/DD/YY): Date of marriage/union \_\_\_\_\_ Date of separation/divorce \_\_\_\_\_

Separation Agreement or Court Order? **Yes**  **No**  *(Please provide a copy of agreement or court order, if applicable)*

## SPOUSE/COMMON-LAW PARTNER INFORMATION

Spouse's name \_\_\_\_\_ SIN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Spouse's birth date (MM/DD/YY) \_\_\_\_\_ Spouse a Canadian citizen? **Yes**  **No**

Spouse's Email \_\_\_\_\_ Telephone (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

If we are **NOT** preparing your spouse's tax return, please indicate his/her:

Provide spouse's name, address, DOB to Elections Canada? **Yes**  **No**

a) net income (line 23600 of the T1 return) \$ \_\_\_\_\_

b) universal child care benefit included in net income \$ \_\_\_\_\_ or deducted from net income \$ \_\_\_\_\_

c) RDSP income included in net income \$ \_\_\_\_\_ or deducted from net income \$ \_\_\_\_\_

## DEPENDANT CHILDREN AND OTHER DEPENDANTS *(include children over 18 at college/university)*

Dependant's Name	SIN	Relationship	Net Income	Date of Birth (MM/DD/YY)	Disability, if any
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

## SOURCES OF INCOME

### Employment Income

- Salaries, wages, commissions, directors' fees, executors' fees, profit sharing, *attach T4, T4PS slips.*
- Other employment income (tips, training allowances, personal use of company automobile), *attach details/summary of income.*
- Allowable employment expenses (travel, meal, telephone, lodging, automobile, mileage log), *attach details of expenses and T2200.*  
***(In order to claim employment expenses, you must have your employer complete and sign form T2200)***
- Temporary relocation expenses (temporary lodging, transportation, meals) for eligible tradespeople or apprentices working in the construction industry and eligible for the labour mobility deduction, *attach details of expenses.*

### Pension Income

- Old Age Security Pension, *attach T4A(OAS) slip.*
- Canada Pension Plan or Quebec Pension Plan benefits, *attach T4A(P) slip.*
- Other pension or superannuation benefits including foreign pensions, *attach T4A, T4A-RCA, T4RSP and T4RIF slips.*

**Do you wish to split your eligible pension income with your spouse? Yes  No**

#### ***Who qualifies?***

- Both taxpayers must be married or in a common-law partnership with each other in the year*
- Both must be resident in Canada on December 31, or*
  - If deceased in the year, resident in Canada on the date of death; or*
  - If bankrupt in the year, resident in Canada on December 31 of the calendar year in which the tax year (pre- or post-bankruptcy) ends.*

#### ***What is eligible pension income?***

- Eligible pension income is the taxable part of annuity payments from a superannuation or pension fund or plan, and*
- If received as a result of the death of a spouse/common law partner, or if the pensioner is age 65 or older at the end of the year:*
  - Annuity and registered retirement income fund (RRIF) payments, and*
  - Registered retirement savings plan (RRSP) annuity payments.*
- NOTE: Old age security (OAS) and Canada or Quebec Pension Plan (CPP/QPP) payments DO NOT qualify.***

### Investment Income

- Taxable dividends from taxable Canadian corporations, *attach T5 slips.*
- Interest and other investment income, *attach T5, T3, T600, T600C, T5013, T5008 slips where available, provide details and amounts where no slip is available.*
- Securities sold, *please attach details of name of the corporation, number of shares sold, date sold, date acquired, gross proceeds of sale, expenses of sale, original cost, valuation day value if owned prior to 1972, adjustments to cost base (tax-free dividends, etc.), transaction slips/brokers' statements.*
- Other assets sold (real estate, gold, bonds, coins, foreign currency), *please attach details of description of asset, gross proceeds of sale, expenses of sale, original cost, valuation date value if owned prior to 1972.*

### Principal Residence Disposition

- Principal residence disposition, *please attach details including: address, gross proceeds of sale, and year principal residence was acquired. If you are not designating the property as being your principal residence for all years owned, also include: expenses of sale, original cost, and valuation date value if owned prior to 1972, and the years for which it is designed as principal residence.*

### Income From Other Sources

- Rental property, *attach details of income, expenses, purchases, sales (gross rents, interest expense, property tax, repairs and maintenance, insurance, advertising, management and administration fees, office expenses, utilities, travel).*
- Alimony or child support payments, *provide amount, copy of the agreement and all subsequent amendments or alterations.*
- Employment Insurance benefits, *attach T4E slip.*
- Other, *provide details and amounts.*

Self-Employment Income - Please include schedule showing the calculation of net income for the year, and attach any slips (T4A, etc.)

- Farm income
- Business income
- Professional income
- Commission income
- Fishing income
- Asset acquisitions (i.e., computer, automobile, equipment, furniture, capital improvements, etc.), attach details or receipts.
- Did you receive the Canada Emergency Wage (or Rent) Subsidy (CEWS or CERS) in 2022? Yes  No

If yes to above, did you include the CEWS and/or CERS as either income or as a reduction of the related expense in your self-employment income summary? Yes  No

- Is your business registered for GST/HST? Yes  No

If yes to above, would you like us to prepare your 2022 GST/HST return? Yes  No

Covid-19 Pandemic Relief Provisions

- Covid-19 pandemic benefits received (i.e. CRB, CRSB, CRCB, CWLB? etc.), attach T4A, T4E, T4A(P), T4A(OAS) slips where available.
- If employed in 2022, did you work from home due to the Covid-19 pandemic? Yes  No

If yes to above, did you work from home more than 50% of the time for a least four (4) consecutive weeks? Yes  No

If yes to above, and you would like to use the \$2 a day “flat rate method” to calculate home office expenses, how many days did you work from home in 2022? \_\_\_\_\_

If no to above, and you are only claiming home office expenses (rent, utilities, condo fees, minor repairs, office supplies, home internet fees, use of basic cell phone plan and long-distance charges, etc.), attach details of expenses and form T2200S.

**DEDUCTIONS FROM INCOME**

Deductions from Total Income

- Registered Retirement Savings Plan (RRSP) contributions, attach receipts.
- RRSP Home Buyer’s Plan/Lifelong Learning Plan, attach details of all withdrawals from an RRSP under the HBP/LLP by you or your spouse, of which you were the original contributor (Form T1036). If you have previously taken out an HBP/LLP amount, please provide details of repayments made during the year.
- Tax shelter deductions, renounced resource expenditures, attach T101, T5013A slips.
- Annual union, professional dues, attach receipts.
- Alimony, separation or child support payments: provide a copy of the agreement and **all** subsequent amendments or alterations, the social insurance number of the former spouse, **and** proof of payment.
- Accounting fees, investment counsel and management, attach receipts.
- Interest expenses (interest on loans used for investment purposes or for the purpose of earning income is generally deductible). Please provide the following details: name and address of lender, purpose of loan, amount of original loan, amount owing at December 31, 2022, and the interest paid during the year.
- Childcare expenses (childcare expenses that were required to allow you to work). Please provide the following details for each child: name, address and SIN (where applicable) of the person, organization, boarding school or camp to whom payments were made, the amount paid, and the number of weeks stayed.
- Moving expenses (must move at least 40 km closer to new workplace/educational institution), attach information.
- Legal expenses incurred to establish or enforce the right to support payments, to collect or establish a right to employment income, pension benefits or a retiring allowance, attach information.
- Employment expenses, tradesperson’s tools, provide details and amounts, and T2200 from employer.
- Other deductions, provide details and amounts.

## Tax Credits

- Disability amounts (*severe and prolonged impairment in physical or mental functions*)

Specify if the claim is for self, spouse or other dependant \_\_\_\_\_

If you have not previously claimed the disability amounts you need to have your physician complete form T2201, *Disability Tax Credit Certificate*.

- Medical expenses for any 12 month period ending in the year (if not fully reimbursed; include private health plan premiums, Blue Cross, and travel health insurance), *attach receipts*.
- Charitable donations, *attach receipts*.
- Political contributions, *attach receipts*.
- Gifts to Canada or a province, *attach receipts*.
- Digital News Subscription Expenses, *attach receipts*.
- Tuition amounts for self, *attach form T2202, Tuition and Enrolment Certificate or TL11A, Tuition and Enrolment Certificate – University outside Canada from educational institution*.
- Tuition amount transferred from student, *attach receipts, form T2202 or TL11A with transfer section **completed and signed by student**, and copy of student's T1 personal tax return or information to prepare return*.
- Student loans (interest paid on Canada or Provincial student loans during the year), *attach information*.
- Eligible educator school supply amount (teacher or early child educator working in Canada; purchases must be for teaching supplies and must have a statement from employer attesting to the eligible supplies expense), *attach receipts*.
- Home Buyer's Amount (only if you or your spouse did not own a home in 2022 or the four (4) preceding calendar years), *attach proof of purchase such as lawyer's Statement of Adjustments*.
- Home Accessibility Expenses (for expenses incurred to renovate or alter a house regularly inhabited by a person who either qualifies for the disability tax credit or who is 65 years of age or older. Said renovations must allow the qualifying individual to gain access to or function within the home or to reduce risk of harm), *attach receipts*.
- Canada caregiver amount (if you have a dependant with an impairment in mental or physical functions), *attach doctor's note*  
Specify if the claim is for spouse or other dependant \_\_\_\_\_  
For a child under 18 years of age, the impairment must be prolonged and indefinite and the child must be dependent on you for assistance in attending to personal needs and care when compared to children of the same age.
- Adoption expenses, *attach receipts*.
- Volunteer fire fighters' amount or search and rescue volunteers' amount (minimum 200 hours of volunteer fire fighting or search and rescue services in the year; must obtain written certification confirming hours).

## Instalments

- Amount of tax paid by instalments for 2022, *attach a copy of most recent Statement of Account* \$ \_\_\_\_\_

## Foreign Reporting

- Received funds from a foreign trust after 1995, or have ever transferred or loaned property to a foreign trust, *provide details*
- Own over 1% of a foreign entity (including US LLC or LLP) or trust and together with related parties own over 10%, *provide details*

## Underused Housing Tax Return

- Please check if you would like us to prepare your UHT return(s), *attach a copy of the most recent municipal tax assessment notice of any properties requiring a UHT return*.

## Other

- Please include additional pages for any tax information not included in the above.

## FOREIGN INCOME VERIFICATION STATEMENT

***YOU MUST COMPLETE THIS SECTION AND SIGN THE CERTIFICATION SECTION***

**Check one:**

No, I did **NOT** own or hold “specified foreign property” with a total cost of more than \$100,000 CAD at any time in 2022.

Yes, I owned or held “specified foreign property” with a total cost of more than \$100,000 CAD at any time in 2022.

**If yes, check one:**

I will prepare my own foreign income verification statement.

I want Buchanan Barry LLP to prepare my foreign income verification statement.

***If we are to prepare your foreign income verification statement please provide the following details for each and every individual “specified foreign property” you owned or held at any time in 2022. You may wish to provide us with the statements for your investment account(s) in which you held foreign securities as the statements should contain these details.***

Description of property (1)	Financial Institution (2)	Country (3)	Maximum Cost Base During 2022 (4)	Cost Base at Dec. 31, 2022 (5)	Income/(Loss) (6)	Capital Gain/(Loss) (7)
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1. A description of the property (i.e. funds held on deposit, name of foreign corporation of which shares are held, etc.);
2. The name of the financial institution holding the property noted in 1 above, if applicable;
3. The country in which the property is held;
4. The maximum cost base of the property during 2022;
5. The cost base as at December 31, 2022;
6. Any income or loss from the property for 2022; and
7. Any capital gain or loss from the disposition of the property in 2022.

***For specified foreign property held in an account with a Canadian registered securities dealer or a Canadian trust company, the following information is required:***

1. The name of the registered security dealer / Canadian trust company;
2. The country from which the foreign property originates;
3. The maximum fair market value of the property during 2022;
4. The fair market value of the property as at December 31, 2022;
5. Any income or loss from the property for 2022; and
6. Any capital gain or loss from the disposition of the property in 2022.

***Timesaver:*** Your Canadian registered securities dealer or Canadian trust company may be able to provide you with a report that contains the necessary information to complete the foreign income verification statement.

**“Specified foreign property” includes:**

- funds in foreign bank account;
- shares of Canadian corporations on deposit with a foreign broker;
- shares of non-resident corporations on deposit with a Canadian or foreign broker;
- land and buildings located outside Canada, such as a foreign rental property;
- precious metals, gold certificates, and futures held outside Canada;
- interests in mutual funds that are organized in a foreign jurisdiction;
- debts owed by non-resident persons, such as government or corporate bonds, debentures, mortgages, and notes receivable;
- an interest in or a right to any specified foreign property;
- property that is convertible or that can be exchanged for a right to acquire specified foreign property;
- an interest in a partnership where the share of income or loss of the partnership for non-resident members is 90% or more and the partnership holds specified foreign property;
- an interest in a non-resident trust or a non-resident trust deemed to be resident by section 94 of the Income Tax Act (discretionary trust);
- patents, copyrights and trademarks held outside Canada; and
- an interest in, or a right with respect to, an entity that is non-resident.

**“Specified foreign property” does not include:**

- property used or held exclusively in the course of carrying on an active business;
- personal-use property (*i.e.*, property used primarily for personal use and enjoyment, such as a vacation property used primarily as a personal residence);
- an interest in a US Individual Retirement Account (IRA);
- shares of the capital stock, or indebtedness, of a non-resident corporation that is a foreign affiliate;
- an interest in, or indebtedness, of a non-resident trust that is a foreign affiliate;
- an interest in a non-resident trust that neither you nor a person related to you had to pay for in any way;
- an interest in a non-resident trust principally providing superannuation, pension, retirement or employee benefits primarily to non-resident beneficiaries, that does not pay income tax in the taxing jurisdiction where it is resident; or
- an interest in, or a right to acquire any of the above-noted excluded foreign property.

**CAUTION!**

Regardless of whether or not you owe taxes, the Foreign Income Verification Statement is **due by your tax filing deadline**. The **late filing penalty is \$25 a day to a maximum of 100 days (*i.e.* \$2,500)**. In addition to the late filing penalty, and other significant penalties that can be assessed by the Canada Revenue Agency in the case of a failure to disclose specified foreign property, note that the **reassessment period of an individual taxpayer can be extended from the normal three (3) years to six (6) years** where “specified foreign property” is not properly reported to the Canada Revenue Agency.

**CERTIFICATION**

I certify that the information contained herein is accurate and complete, and I acknowledge that I am solely responsible for the accuracy and completeness of this information and the information contained in my 2022 income tax return prepared by Buchanan Barry LLP.

Print Name \_\_\_\_\_

Sign Name \_\_\_\_\_

Date \_\_\_\_\_





## Underused Housing Tax (UHT) – Quick Reference Chart

FEBRUARY 2023

The new Underused Housing Tax (UHT) imposes a 1% annual tax on the value of residential real estate considered to be vacant or underused owned on December 31 of each year. The tax is intended to target property owned by non-Canadians; however, the scope of filing requirements extends to many Canadian entities and individuals, including private corporations, and trustees of a trust. The first filings and taxes are due on April 30, 2023.<sup>1</sup>

This summary 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.<sup>2</sup>

### STEP 1: Are you subject to the UHT rules?

Were you the legal owner (the person/entity registered on title), jointly or otherwise, of a residential property in Canada as of December 31<sup>3</sup>?

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 include<sup>4</sup>:

- 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 individual<sup>5</sup> [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)
- 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 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 30 – go to STEP 3.

### STEP 3: Are you required to pay the UHT?

If 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:

- a **specified Canadian corporation** – 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)<sup>6</sup>
- a **specified Canadian partnership** – where each member is, on Dec. 31, an excluded owner or a specified Canadian corporation<sup>7</sup>
- a **specified Canadian trust** – where each beneficiary that has a beneficial interest in the property is, on Dec. 31, an excluded owner or a specified Canadian corporation<sup>8</sup>
- new owner** – owner acquired the property in the year and was not an owner of that property at any time in the prior 9 years<sup>9</sup>
- owner died** in the year or prior year<sup>10</sup>

- the **personal representative** of a **deceased individual**<sup>4</sup> (exemption applies for the year of death and subsequent year) and the person was not an owner of the property in either of the years<sup>11</sup>
- 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)<sup>12</sup>

### **3B – Availability of the Property:**

- if the property is under **construction** and is **not substantially completed** before April of the year<sup>13</sup>
- 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 year<sup>14</sup>
- property is **not suitable** to be **lived in year-round**<sup>15</sup> or **seasonably inaccessible** due to public access not maintained year-round<sup>16</sup>
- 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)<sup>17</sup>
- 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)<sup>18</sup>

### **3C – Occupant of the Property:**

- primary place of residence** for the year of the individual, their spouse or common-law partner<sup>19</sup>, or their child<sup>20</sup> 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 year<sup>21</sup>
  - 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:**

- vacation property** located in an **eligible area** of Canada (certain areas that are more rural) and used by the owner or their spouse or common-law partner for at least 28 days in the year<sup>22</sup> (see the [UHT vacation property designation tool](#) to determine eligible regions)

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

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## **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. CRA requires an appraisal with specific parameters to use this election.<sup>23</sup>

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## **STEP 5: File the annual return and pay the tax (if no exemption is met) by April 30.**

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 \$5,000 penalty, while corporations are subject to a minimum \$10,000 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) and Subsections 6(8) and (9) (not usable for the full year, uninhabitable, primary place of residence and qualifying occupancy) when computing the penalty tax if the return is not filed by December 31 of the following year.<sup>24</sup> There is no time limit for CRA to assess the UHT tax liabilities, penalties and interest where taxpayers fail to file a required return.<sup>25</sup>

## 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 – <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 Vacation Property Designation Tool – <https://apps.cra-arc.gc.ca/ebci/sres/ext/pub/ntrUhtExpnTI>
- Underused Housing Tax Act And Related Regulations made under this Act – <https://laws-lois.justice.gc.ca/eng/acts/U-0.5/index.html>

- 1 As April 30, 2023 falls on a Sunday, CRA has confirmed that the return, payments and elections are made on time if they receive them by May 1, 2023.
- 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 A residential property includes a detached house or similar building containing not more than three dwelling units, as well as a part of a building that is a semi-detached house, row house unit or residential condominium unit (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.
- 4 Definition of excluded owner in Section 2
- 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)
- 6 Paragraph 6(7)(b) and 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 Subparagraph 6(7)(a)(i) and definition of specified Canadian partnership in Section 2
- 8 Subparagraph 6(7)(a)(ii) and definition of specified Canadian trust in Section 2
- 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 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. Subsections 6(10) - (12)
- 20 Subsection 6(8)
- 21 Subsection 6(1)
- 22 Paragraph 6(7)(m)
- 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

**If you have any questions, please contact us.**

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