

CRA Waives Interest and Penalties for Late Filings in 2023 Under the Underused Housing Tax Act

Ardy Mohajer, Lucas Blair

May 2, 2023

Further to our [previously released commentary](#) on vacant housing taxes in Toronto and Ottawa and at the Federal level, the CRA has announced that it will provide affected owners of Canadian residential property under the [Underused Housing Tax Act](#), S.C. 2022, c. 5, s. 10 (the Act), until October 31, 2023 to meet the new tax filing obligations.

Notwithstanding the April 30th deadline in the legislation, for the year 2023, as long as “affected owners” (as set out in the Act) file any required returns and pay any related underused housing tax (UHT) by October 31, 2023, the CRA will waive penalties and interest for any late-filed UHT return and any late-paid UHT.

As a reminder, all “affected owners” of residential property who are not “excluded owners” as of December 31 of the calendar year have to file a UHT return for each owned property in Canada. The UHT return for a calendar year must be submitted, and any UHT must be paid, by April 30th of the following calendar year. If an owner owns multiple residential properties in Canada as of December 31st of any given year, then a separate UHT return must be filed for each property.

If the required returns or taxes are not paid by April 30 of the following calendar year (October 31, 2023 for this year), the penalty is equal to the greater of a \$5,000 fine for individuals or \$10,000 for affected corporations, and the amount that is the total of (i) five percent of the tax payable by the person in respect of the residential property for the calendar year and (ii) the product obtained when three percent of the tax owing is multiplied by the number of complete months from the due date of the required return that the balance remains outstanding.

To learn more about the underused housing tax in Canada, visit our previous commentary [here](#) and the CRA’s [Questions and Answers on the Underused Housing Tax - Canada.ca](#).

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.