

# WHAT IS THE UNDERUSED HOUSING TAX?

The Underused Housing Tax (UHT), which took effect on January 1, 2022, is an annual 1% tax on the ownership of vacant or underused housing in Canada.

Generally, the UHT imposes a tax on property owners who, on December 31 of a given calendar year, are considered **affected owners** of a residential property in Canada.

Residential property owners can be categorized into two categories — excluded owners and affected owners.

**Excluded owners** of a residential property in Canada have no obligations or liabilities under the Underused Housing Tax Act.

**Affected owners** are required to file a UHT return for each residential property owned in Canada on December 31. Even if you are an affected owner who is claiming an exemption, a UHT return must still be filed for the calendar year.

A full list of **excluded owners, affected owners, exemptions** and more information can be found on the Government of Canada website UHT page, [here](#).

## Underused Housing Tax for Consumers

Should you be required to complete a calculation of monies owing for UHT purposes, multiply the value of the residential property by the 1% tax rate, and then multiply that result by your ownership percentage of that property ([Source: Canadian Revenue Agency](#)).

There are two ways to determine the value of a residential property: use its taxable value or use its fair market value (FMV).

Should you choose to use the FMV (which involves informing the Canada Revenue Agency – CRA), AIC Professional Appraisers are able to provide an independent third party opinion of value that is more reflective of current realities than what might be suggested by the taxable value of a property. The CRA has recognized AIC-Designated Professional Appraisers as [accredited, professional real estate appraisers](#) for UHT purposes.

## Underused Housing Tax for Appraisers

If a property owner is not claiming an exemption from the UHT, a calculation of monies owing is required for the calendar year.

This provides an opportunity for AIC Members, as affected owners can elect to use the **FMV** of a residential property for UHT calculating purposes. As stated directly by CRA, for FMV to be determined, an appraisal of the property must be completed and be prepared by an accredited, professional real estate appraiser operating at arm's length from the owner, such as an AIC Professional Appraiser (P.App., AACI, P.App., CRA).

AIC will continue to promote and advocate on behalf of Members in order to ensure that AIC Professional Appraisers are and remain the trusted professionals of choice for real property valuation, advisory and consulting services in Canada.