

# Toronto's Vacant Home Tax – Important Information

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## Filing Deadline: February 2, 2023



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By now, every owner of a residential property in Toronto has received a YELLOW Notice from the City of Toronto regarding the Vacant Home Tax (the “VHT”). Here are some things you should know.

## Why is Toronto imposing a VHT?

The VHT is a policy tool to address the lack of rental housing in the City. The main goal of the VHT is to increase housing availability by reducing the number of residential properties that are left vacant.

As stated on the City of Toronto's website: “The desired effect of the tax is that homeowners either continue to occupy their homes, or change their behaviour by renting out the unit or selling it in order to avoid incurring the tax.” A secondary goal of the VHT is to generate revenue for the City to be used to fund additional housing initiatives.

## What constitutes a vacant home?

According to the [City of Toronto By-law 97-2022](#): “A Residential Unit is a Vacant Unit if for more than six months during the Taxation Year, no Self-Contained units comprising the Residential Unit are either:

- A. the Principal Residence of the Owner or another Occupant; or
- B. occupied for residential purposes by one or more Tenants in aggregate for at least six months of the year.”

In short, you can only avoid the VHT if your property is:

1. **Someone's Principal Residence** – you can only have ONE Principal Residence. The home can be occupied by the owner or any other person, without the need for a lease, as long as it is that person's Principal Residence; OR
2. **Occupied by a Tenant (or Tenants)** – not necessarily as their Principal Residence, but for residential purposes. A Tenant is defined as someone living there pursuant to a written lease or sublease, for a consecutive term of at least 30 days. One or more tenants must occupy the property for at least six months in the year.

## Does occupancy for six months have to be consecutive?

No. It is cumulative.

## When does the VHT take effect?

The VHT takes effect in 2023; however, it is based on your property's vacant/occupied status in 2022.

## How much is the VHT?

The VHT is 1% of the property's Current Value Assessment (CVA). For example, if the CVA of your property is \$1 million, the VHT would be \$10,000 (1% x \$1,000,000). The VHT is **in addition** to the property taxes already levied on the property.

## Are there any exemptions from the VHT?

Yes. There are very specific exemptions as set out by the City. A property may be left vacant and be exempt from the VHT if one of the following criteria is met, with the supporting documents, as listed on [the City of Toronto website](#):

### a) **Death of a registered owner**

The property was vacant for six months or more in the previous year due to the death of an owner.

**Supporting Documentation:** Copy of death certificate.

### b) **Repairs or renovations**

The vacant property is undergoing repairs or renovations, and all the following conditions have been met:

- a) the repairs and renovations prevent occupation and normal use of the vacant property;
- b) all necessary permits have been issued for the repairs and renovations;
- c) the City's Chief Building Official is of the opinion that the repairs or renovations are being actively carried out without unnecessary delay.

**Supporting Documentation:**

- Description of the type of project preventing occupancy.
- Copy of building permits issued related to the repairs and renovations.

**c) Principal resident is in care**

The principal resident of the vacant property is in a hospital, long-term, or supportive care facility for up to six months during the taxation year. This exemption may be claimed for up to two consecutive taxation years.

**Supporting Documentation:** Signed letter from health care facility on letterhead.

**d) Transfer of legal ownership**

You purchased your property in the previous year, and the sale involved a 100% transfer of an interest in the property to an unrelated individual or corporation. This excludes name changes, adding a second owner, and removing a second owner.

**Supporting Documentation:** Copy of land transfer deed.

**e) Occupancy for full-time employment**

The vacant property is required for occupation for employment purposes for a total of at least six months in the taxation year, by its owner, who has a principal residence outside of the Greater Toronto Area.

**Supporting Documentation:**

- Proof of residency outside the Greater Toronto Area.
- Signed letter from employer on company letterhead or employment contract.

**f) Court order**

There is a court order in force that prohibits occupancy of the vacant property for at least six months of the taxation year.

**Supporting Documentation:** Copy of court order.

**What is the filing deadline date for making a declaration?**

All property owners must file a declaration with the City by no later than **FEBRUARY 2, 2023**, declaring their property's occupancy status. If you are the owner, you will be asked to confirm that your property was used as your principal residence for at least six months. If you answer "yes", your declaration is complete. If you answer "no", you will then be asked to confirm whether your property was occupied by permitted occupant(s), Tenant(s), a combination of occupancy, or none of the above (property was vacant).

## What happens if I do not file a declaration?

If you do not file a declaration, your property will be **DEEMED TO BE VACANT** and you will be billed for the VHT. In addition, failing to declare or making false statements may be subject to fines of \$250 to \$10,000. The late filing of a declaration is subject to a fine of \$250. Interest applies on overdue payments at a rate of 1.25% on the first day of default and on the first day of each month thereafter, for as long as taxes or charges remain unpaid.

## When is the VHT payable?

Owners of properties subject to the VHT will be issued a Notice in March/April and payment will be due on May 1, 2023.

## How is the City verifying the declarations?

The City will be conducting random or specific audits whereby it will require the owner to provide the supporting documentation for its declaration.

For more information, go to the City's website at: <https://www.toronto.ca/services-payments/property-taxes-utilities/vacant-home-tax/> or contact Melissa Muskat at [mmuskat@mindengross.com](mailto:mmuskat@mindengross.com) or 416-369-4313.

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