

Toronto Vacant Home Tax: What You Need to Know ¹

What is the purpose of the Toronto Vacant Home Tax?

The goal of Toronto's vacant home tax is to increase the supply of housing by discouraging owners from leaving their residential properties unoccupied. Homeowners who choose to keep their properties vacant will be subject to this tax.

Is it mandatory to submit a vacant home tax declaration of occupancy status for your property?

Yes.

What is the deadline to submit the declaration?

February 2nd of the year following the year for which you are declaring. For example, if you are making a declaration for **2022**, the deadline is February 2, **2023**.

How can you submit the declaration?

You can declare **online** or by way of a paper declaration. Note that the online submission is preferable, as you will receive an instant confirmation of submission.

What if you fail to submit the declaration?

Your property may be **deemed vacant** and accordingly, the vacant home tax may be levied against that property.

Who is required to pay the vacant home tax?

If your property was declared, deemed, or determined to be vacant for at least six (6) months in a year and you are not eligible for an exemption, then you will be required to pay the vacant home tax.

How much is the vacant home tax?

1% of your Current Value Assessment (CVA). For example, if the CVA of your property is \$1,000,000, the tax amount billed would be \$10,000 (1% x \$1,000,000).

Who is exempt from paying the vacant home tax?

You do not have to pay the vacant home tax if the property was used as a principal residence by the owner(s) or any permitted occupant(s), or was occupied by tenants for a total of six (6) months or more during the previous calendar year.

What if the property was vacant for six (6) months due to other reasons?

You may be eligible for an exemption if you can prove that the property was vacant for one of the following reasons: **(1)** death of the registered owner, **(2)** the property was undergoing repairs or renovations, **(3)** the principal resident of the property is in care (for up to two (2) consecutive years), **(4)** there was a transfer of legal ownership of the property, **(5)** you require the property for occupancy for full-time employment, or **(6)** you have a court order. Note that all of these exemptions require particular documentation to prove that you qualify for the exemption.

If I declare that my property is not vacant, can I be audited?

Yes. You should obtain all supporting documentation used in support of your declaration for at least three (3) years.

When will you know if the vacant home tax has been levied on your property?

If your property is subject to the tax, you will be issued a Vacant Home Tax Notice in March/April in the same year that you make the declaration, and payment will be due on May 1 of that year.

Is there a fine if you fail to declare or make a false declaration?

Yes, failure to declare or making a false declaration may result in a fine of \$250 to \$10,000.

What if you purchased the property in 2022?

You will still need to make the declaration but you may claim the “transfer of legal ownership of the property” exemption.

Could the vacant home tax form a lien on my property?

Yes. If not paid, the vacant home tax will form a lien on the property. For example, in the context of a completed purchase or sale, any unpaid taxes will become the purchaser’s responsibility.

If I plan to purchase property in Toronto, are there any additional considerations I should be aware of regarding the vacant home tax?

Yes. You should ensure that the vendor provides you with confirmation that the declaration in respect of the previous year (i.e., 2022 for a purchase made in 2023) has been filed, the declaration is true and correct, the property is not vacant and no tax applies or, alternatively, the property is vacant and the applicable tax has been paid. You must also check with your legal representative to ensure you obtain a tax certificate to confirm the status of any outstanding taxes and obtain the vendor’s statutory declaration with respect to the vacant home tax before closing.

The vacant home tax was levied against me. What is my recourse?

You may file a notice of complaint. Depending on the decision of the notice of complaint, you may wish to file an appeal. Note that there are specific deadlines for these steps to be completed.

This resource is authored by Anna Lu and Jasmeen Kabuli, lawyers at Fasken Martineau DuMoulin LLP. For more information or to discuss a particular matter, please contact Anna Lu (alu@fasken.com), Jasmeen Kabuli (jkabuli@fasken.com), Neil Smiley (nsmiley@fasken.com) or Sarah Turney (sturney@fasken.com).