



CHICAGO TITLE
CANADA

Residential vacancy tax in Toronto and Ottawa

The City of Toronto has introduced a Vacant Home Tax and the City of Ottawa is introducing a Vacant Unit Tax. *The tax is based on the property's occupancy status for the previous year (i.e. if the home is vacant in 2022 the tax will become payable in 2023).* All residential property owners must submit a declaration of their property's 2022 occupancy status by their respective deadlines:

City of Toronto: February 2, 2023

City of Ottawa: March 16, 2023 *(the City of Ottawa will accept late declarations until April 30, 2023, with the late fee of \$250 being waived for this year).*

Coverage

The residential owner policy and the residential loan policy issued by Chicago Title Insurance Company provide coverage for losses suffered as a result of property tax liens registered on title by a governmental authority. **This includes coverage against losses suffered because of the new tax for unoccupied residential dwellings in Toronto and Ottawa.**

The purchaser of a residential property and their mortgage lender will benefit from coverage for amounts owing prior to the Date of Policy.

Coverage Requirements

Prior to closing, the vendor must file the declaration with the City, notwithstanding that the closing date may be earlier than the filing deadline. The purchaser's lawyer must confirm that the declaration has been filed and any vacant home/unit tax has been or will be paid. This can be done by obtaining:

- a) a copy of the declaration filed by the due date in the year the transaction is closing, confirming the property was not vacant in the year prior; or

- b) a statutory declaration from the vendor confirming that the required declaration was filed with the City by the due date, that the information therein is true, and that:
 - i. the property was not declared vacant, or was declared vacant but is exempt from the tax; or
 - ii. the property was vacant and all vacant home/unit taxes have been fully paid, along with proof of payment; or
 - iii. the property was vacant but the tax has not yet been paid, along with a sufficient holdback or adjustment; or
- c) a tax certificate showing that the vacant home/unit tax was levied and paid.

More information on the vacant home taxes can be found directly on the cities' websites.

City of Toronto: <https://www.toronto.ca/services-payments/property-taxes-utilities/vacant-home-tax/>

City of Ottawa: <https://ottawa.ca/en/living-ottawa/taxes/vacant-unit-tax>

Purchase/Sale Transaction Examples

Example 1:

Property location: City of Ottawa
Closing date: February 1, 2023
Declaration for reference year 2022: Must be filed by vendor before the closing date.

(If tax is payable, it will be added to the final tax bill issued in June 2023.)

Declaration for reference year 2023: Due in early 2024 (date TBD), to be filed by purchaser.

(Note: the purchaser can claim an exemption for the year in which the property was purchased. [See here for details.](#))

Example 2:

Property location: City of Toronto
Closing date: June 1, 2023
Declaration for reference year 2022: Due February 2, 2023, filed by vendor.

(If tax is payable, a Tax Notice will be sent in March/April and payment will be due on May 1, 2023.)

Declaration for reference year 2023: Due February 2, 2024, to be filed by purchaser.

(Note: the purchaser can claim an exemption for the year in which the property was purchased. [See here for details.](#))

For additional information, please contact your
Regional Manager to discuss further.

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