



3 Changes Impacting Future Real Estate Investment Plans in Canada

There has been a lot of noise around future real estate property ownership in the Canadian marketplace. There are three major changes to the Canadian real estate investment landscape that should be on your radar to avoid any unpleasant tax-related surprises in the new year. These changes apply whether you are a first time or a seasoned real estate investor, a Canadian citizen, resident, non-resident or a foreigner. Read on the following summary to adjust your real estate investment plans for 2022 and beyond.

Anti-Flip Law For All Property Owners

As the recent years have seen a lot of speculation on the housing market from coast to coast, the Canadian government is now cracking down on property owners trying to sell hastily in the hope to make a quick profit. Any owner who resells a residential property of any kind within 12 months of its purchase will be taxed on 100% of the profit, and denied the principal residence exemption, unless they can prove their decision was driven by a life changing event. This includes: separation/divorce, death, family addition, financial hardship, employment changes, bankruptcy, etc .

1% Federal Tax On Non-Resident Owner Underused Properties

This federal tax has been implemented in an effort to make more properties available to all Canadians. Non-resident owners (individuals, corporations or trusts) that are not renting out their Canadian properties will be required to file a tax form at year end. Should the property not qualify for one of the exemptions, a 1% federal tax, based on the city roll value, will be payable annually. The exemptions include : being a Canadian citizen or permanent resident card holder and using the property for themselves or a family member for at least 6 months, with stays of at least 1 month each. This will also apply to non-resident shareholders with at least 10% shares in Canadian corporations and trusts.

2-Year Ban On Residential Properties Foreigner Purchases

Given the real estate market heating up in Canada, the Federal government decided to step in and impose a ban to once again curb speculation to provide more opportunities for Canadians to access property. Starting January 1, 2023, all foreigners (non-Canadians) will be forbidden from buying residential properties smaller than a quadruplex. This includes single dwellings, townhouses, semidetached houses, condos and duplexes. This also applies to foreign-controlled Canadian corporations. Exception will be made for foreigners buying in co-ownership with their Canadian citizen spouses.

➤ [Also Read: New Ban for Foreign Owners on Canadian Residential Properties](#)

We're Here to Help

Still wondering if and how the above-mentioned rules are impacting your future real estate investment plans? Please do not hesitate to [contact one of our tax professionals](#).

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