

January 8, 2024

The Hon. Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
90 Elgin Street
Ottawa, Ontario K1A 0G5

Via e-mail: Consultation-Legislation@fin.gc.ca

Re: Underused Housing Tax Proposals in the 2023 Fall Economic Statement

Dear Deputy Prime Minister,

The undersigned, representing Canada's farmers from coast to coast to coast, are writing to provide feedback on proposed changes to the Underused Housing Tax (UHT) outlined in the 2023 Fall Economic Statement (FES).

We understand that the UHT on the ownership of vacant or underused housing in Canada was originally put in place to help alleviate pressure on the domestic housing sector, and that many of the Government of Canada's concerns stemmed from foreign ownership of Canadian homes. The current UHT requirement is having an unintended and negative impact on farmers across Canada. Many producers own multiple homes due to factors unique to agriculture including the obligation to provide housing to temporary foreign workers and seasonal agricultural workers employed on their farms. Farmers may also acquire housing (abandoned or otherwise) through generational ownership of land or purchasing or leasing land for the strict purpose of farming.

Removing unnecessary administrative and financial burden on farmers

The changes to the UHT proposed in the FES will alleviate unnecessary financial and administrative burden originally imposed on affected farmers to file a return and apply for an exemption to the UHT. Nearly half of farms in Canada are structured as partnerships or corporations¹. The FES' proposed change to make "specified Canadian corporations", partners of "specified Canadian partnerships" and trustees of "specified Canadian trusts", considered as "excluded owners" for UHT purposes, starting in the 2023 calendar year, removes the original reporting obligations for most affected farmers and therefore would no longer need to file a return and seek an exemption for 2023 and onwards. This change would save farmers time and professional fees (i.e., accountants) to complete the return and apply for an exemption, which can be significant. Farmers can instead redirect this money to investing in their farm business.

Currently, failure to file the UHT return can result in penalties, with individuals facing \$5,000 and corporations/partnerships facing \$10,000 per residential property. The FES' proposal to reduce these minimum penalties to \$1,000 for individuals and \$2,000 for corporations, per failure, to apply in the 2022 calendar year and onward, is supported. This change will reduce the financial burden for farmers who were not aware of this new tax for the 2022 calendar year.

¹ Statistics Canada. [Table 32-10-0235-01 Farms classified by operating arrangement, Census of Agriculture, 2021](#)

Alleviating negative impact on farm operations that rely on foreign workers

One of the most significant challenges facing the Canadian agriculture sector today is a chronic and severe labour shortage ². A wide range of Canadian farm operations can only operate and grow if they can find enough workers when they need them. As a result, farmers rely on the Temporary Foreign Worker Program (TFWP) and the Seasonal Agricultural Worker Program (SAWP) extensively to meet this need. These programs require that the farmer have housing arrangements in place and inspected months before the arrival of workers. As a result, the homes remain vacant prior to the arrival of the foreign worker and given the seasonal nature of many of these operations, stay vacant during the off season. The current requirement to file a UHT return, even if exempt from paying the tax, does not recognize the operational needs of many Canadian farming operations that rely on the TFWP and SAWP to remain viable.

With this in mind, it is strongly recommended that where applicable in the UHT's updated legislation and regulations, farmers with temporary foreign workers or seasonal workers that are eligible under FES' proposed expansion of "excluded owner" are not required to apply for the FES' proposed employee lodging exemption.

Additional time to file 2022 UHT returns

While not a new announcement in the FES, the extension of transitional filing relief to affected owners to file their 2022 UHT returns by April 30, 2024 is appreciated to help ensure affected farmers are aware and have time to file.

Thank you for the opportunity to provide comments on the FES' proposed changes to the UHT. Expanding the definition of excluded owner will positively impact Canada's farmers and reduce regulatory burden and has been a request from several farm groups. The response to this request is appreciated.

Sincerely,



² Canadian Agricultural Human Resources Council. <https://cahrc-crrha.ca/cahrc/news-releases/cahrc-release-research-showing-workforce-vacancies-agriculture-came-cost-35>