



## **Vacant Unit Tax (VUT): Information for Purchase and Vending of Properties**

Beginning in January 2023, residential property owners, or their designate, will be required to make an annual declaration on the occupancy of their residential units using the roll number and access code based on the previous year (2022), in accordance with the City of Ottawa Vacant Unit Tax By-law 2022-135.

Given the by-law requirements, there are resulting effects that vendors and purchasers need to be aware of. The purpose of this document is to provide information to representatives of property owners who are involved in the purchase or sale of a property. This includes the purchase or sale of a property containing a multi-unit dwelling and for various exemptions – including construction.

### Part 1: Property Closings

The City notes the following information concerning the purchase and sale of properties:

- (a) If a closing is between January 1 and the closing of the declaration period on April 30, the vendor must complete the property occupancy declaration in accordance with the VUT By-law. As the declaration is for the prior vacancy reference year, only the vendor will know the property's occupancy in the previous year.
- (b) If a closing is between May 1 and December 31, the buyer must submit a declaration in the following year. They will be able to claim the exemption for properties which are sold in the reference year.
- (c) As with property taxes, the Vacant Unit Tax will form a lien on the property, and unpaid taxes will become the buyer's responsibility.

### Part 2: Information for Purchasers

The City notes the following information concerning the purchase of properties:

- (a) If a closing is between January 1 and the closing of the declaration period on April 30, the vendor completes the declaration;
- (b) It is the responsibility of vendors and purchasers to make the appropriate arrangements to ensure that the declaration has been filed. Legal counsel/representatives for purchasers may wish to consider requesting:
  - a copy of the filed declaration prior to closing;
  - a statutory declaration at closing confirming the filed occupancy declaration is true and correct;
  - an express representation and warranty confirming that the property has not been vacant (as defined by the Vacancy Tax Bylaw) for more than 184 days during the current or prior year;

- a holdback where the City has not yet determined if a property is subject to the tax;
  - the purchaser's conveyancer carries out an allowance for adjustments, and the Vacancy Unit Tax will be borne solely by the vendor.
- (c) Purchasers should do their due diligence to ensure they are aware of property tax liabilities.

### Part 3: Information for Vendors

The City notes the following information for consideration concerning the sale of properties:

- (a) If a closing is between January 1 and the closing of the declaration period on April 30, Vendors should complete the property occupancy declaration;
- (b) Vendors should provide a copy of the completed and filed property occupancy declaration to the purchaser;
- (c) Vendors should provide a statutory declaration at closing confirming the filed property status declaration is true and correct.

### Part 4: Multi-unit properties

The City notes the following information for consideration concerning properties containing multi-unit dwellings:

- Multi-unit properties in the residential tax class are limited to six units;
- Annual declarations will be required for each unit;
- The VUT will be prorated based on the number of units and may be subject to audit;
- Accurate records regarding occupancy should be maintained (i.e. Leases, bank statements showing rental income, etc.).

### Part 4: Exemptions

The list of exemptions applicable to the reference year includes:

- Death of a registered owner;
- Property owner in a hospital or long-term care facility;
- Arm's length sale of the property in the reference year;
- Specific court orders prohibiting occupancy, sale, or rental of the property;
- The property was undergoing extended renovations or construction;
- Was used as a cottage rental with a valid permit for at least 100 days.

The City suggests that representatives remain apprised of amendments to the VUT By-law to ensure they are aware of ongoing requirements.

### Part 4: Additional Information, including Construction

The City will provide additional guidance on what constitutes a major renovation on the VUT webpage. Property owners should act without unnecessary delay when completing major renovations in 2022.

As the first declaration covers the 2022 calendar year, property owners with vacant secondary properties that do not meet the exemptions may wish to consider their options, such as putting them up on the rental or sales markets.

To better understand the details of the Vacant Unit Tax definitions, exclusions, and exemptions, visit [Ottawa.ca/VUT](http://Ottawa.ca/VUT). Additional details will continue to be added throughout the year.

Sincerely,

Revenue Services

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