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# ODD, HARSH RULES GOVERN HOUSING TAXES

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There are as many as three taxes on allegedly vacant homes in BC. They are Vancouver's Empty Homes Tax, the province's Speculation Tax, and federal government's Underused Housing Tax.

This is in addition to billions in government revenue created by the Property Transfer Tax, GST, Capital Gains Tax, Community Amenity Contributions, etc.

There are variations to each of the vacancy taxes, but common themes emerging are poor transparency, unfairness, and harsh penalties.

Even the government now admits high housing prices are the result of challenges to new supply. These include municipal obstruction of rezonings and rising fees - while Canada experiences the fastest population growth in our history.

Despite the government's vacancy taxes, housing prices climbed higher until interest rates increased in 2022. But higher rates did not make housing affordable, they just created less affordable mortgages.

Now news media report homeowners are being charged thousands of dollars in Speculation Tax even though their homes are not vacant. For example, a spouse may be working in another country or have a different citizenship.

The Vancouver Sun says, "Occupancy of a home may not be enough to secure an exemption from BC's speculation and vacancy tax, according to one tax expert, who warns of the 'often odd, harsh rules underlying the new generation of housing taxes.'"

A landlord was hit with a \$96,000 tax bill because the tenant does window-glazing, and like many contractors, operates on job sites. The government views his family home as a business which runs afoul of the Speculation Tax. The landlord is selling the house to pay the bill.

Another landlord was audited for the Empty Homes Tax but the many documents she gathered including "rental agreements" were insufficient proof. The city billed her for \$66,396, which increased to \$69,715 a month later.

As for the Underused Housing Tax, understanding the regulations can be challenging, recognized by the CRA. Filing was required by April 30 2023, however, there is now a period of grace. They announced, "no penalties or interest will be applied for UHT returns and payments that the CRA receives before November 1, 2023."

It is best to seek the advice of a tax accountant. Those required to file, and failing to do so, may face significant penalties, even if qualifying for an exemption.

The Government of Canada says tax policy should be "efficient," "fair" and "simple - administered for, and understood by, Canadians (important for a 'self-assessment' system)."

The new generation of housing taxes do not meet these criteria, especially "simple." British Columbians are spending thousands of dollars in accounting fees, tax lawyers, and penalties. Some are losing their homes. How many taxes are needed to deter speculation?

Clearly, these "odd, harsh rules" need revision or repealing. They do not create more housing affordability, just more hardship and government revenue.

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