

Non-Resident Speculation Tax a.k.a. Official status has meaning, **March 30, 2022**

Bloomberg.com info:

Foreign citizens can apply for a rebate from the Ontario tax if they become permanent residents of Canada within four years of paying it.

Ontario is raising a tax on home purchases by some foreigners to 20% and making it harder to avoid as it tries to cool a scorching real estate market.

The so-called speculation tax will apply to homes bought anywhere in the Canadian province by foreign nationals and foreign companies, provincial Finance Minister Peter Bethlenfalvy said in a statement Tuesday. Currently, the tax is 15% and applies only to homes in Toronto and surrounding areas.

<https://www.bloomberg.com/news/articles/2022-03-29/ontario-hits-foreign-homebuyers-with-20-tax-as-election-looms?srnd=premium-canada>

Excerpt, Ont. Ministry of Finance Bulletin

Non-Resident Speculation Tax

Effective March 30, 2022, the Non-Resident Speculation Tax (NRST) rate was increased to 20 per cent and expanded provincewide. As a result, the NRST may apply on the purchase or acquisition of an interest in residential property located anywhere in Ontario by individuals who are foreign nationals (individuals who are not Canadian citizens or permanent residents of Canada) or by foreign corporations or taxable trustees.

The NRST applies in addition to the general Land Transfer Tax (LTT) in Ontario.

The NRST applies to **foreign entities** or **taxable trustees** who purchase or acquire residential property in the Ontario.

A **foreign entity** is either a foreign national or a foreign corporation.

A **foreign national**, as defined in the *Immigration and Refugee Protection Act* (Canada), is an individual who is not a Canadian citizen or permanent resident of Canada.

A **foreign corporation** is a corporation that is one of the following:

1. A corporation that is not incorporated in Canada.
2. A corporation, the shares of which are not listed on a stock exchange in Canada, that is incorporated in Canada and is controlled, directly or indirectly in any manner whatever, within the meaning of section 256 of the *Income Tax Act* (Canada), by one or more of the following:
 1. a foreign national
 2. a corporation that is not incorporated in Canada
 3. a corporation that would, if each share of the corporation's capital stock that is owned by a foreign national or by a corporation described in paragraph 1 were owned by a particular person, be controlled, directly or indirectly in any manner whatsoever, within the meaning of section 256 of the *Income Tax Act* (Canada), by the particular person.

A **taxable trustee** means a trustee of:

- a trust with at least one trustee that is a foreign entity, or
- a trust with no foreign entity trustees if a beneficiary of the trust is a foreign entity.

<https://www.fin.gov.on.ca/en/bulletins/nrst/>