

Real Estate Tax and Assurance, Canada

Investing in Canadian real estate from abroad

We help foreign investors pick the right structure, stay audit- and filing-ready, and keep more of their return, from acquisition through to exit.

Statutory audits and corporate structures

“What should hold the asset, and what reporting does that trigger?”

- **Holding vehicle design:** Canadian corporation, limited partnership, trust, weighed against home-country tax, treaty access and exit.
- **Statutory audits** of Canadian holding and property entities under federal and provincial corporate law, including whether an audit waiver is available, with IFRS or ASPE reporting.
- **Group reporting:** consolidation packages for foreign parents, lenders and fund investors.
- **Governance:** significant-control registers, director residency rules (25% Canadian residents for federal corporations) and annual corporate filings.

Watch points: thin capitalization (1.5:1 debt-to-equity) and EIFEL (interest capped at 30% of adjusted taxable income) can limit deductions on shareholder loans

Tax advisory

“How do we get in, run the asset and get out efficiently?”

- **Acquisition costs:** land transfer tax, Ontario’s 25% Non-Resident Speculation Tax plus Toronto’s municipal NRST, BC’s 20% additional property transfer tax, and GST/HST on new residential and commercial property.
- **Federal foreign-buyer prohibition:** in force to January 1, 2027, with exemptions for vacant land, certain redevelopment and publicly traded Canadian entities; Ottawa is weighing what comes next.
- **Financing and repatriation:** debt vs. equity, treaty rates on dividends and interest, branch tax.
- **Exit planning:** capital gain vs. business income, the residential anti-flipping rule (under 365 days), treaty-protected property.
- **Cross-border:** transfer pricing and Investment Canada Act considerations.

Compliance, withholding tax and minimization

“How much is withheld, and how do we reduce it legitimately?”

- **Part XIII:** 25% on gross rents, dividends and non-arm’s-length interest, reduced under tax treaties.
- **Section 216 election and NR6:** pay tax on net rental income instead of gross, with withholding on net cash flow during the year.
- **Section 116 on sale:** without a clearance certificate the buyer holds back 25% of gross proceeds (50% for certain property). We run the T2062 process to release funds faster.
- **Annual filings:** T2, Section 216 returns, NR4, T106, T1134 and GST/HST.

Underused Housing Tax: no return or tax for 2025 onward (Royal Assent March 26, 2026), but 2022–2024 filings and penalties still apply. We clean up legacy years. Provincial and municipal vacancy taxes remain.

Why now

Canada’s rules for foreign real estate investors are in motion: the federal Underused Housing Tax is gone, the foreign-buyer ban reaches its expiry on January 1, 2027, and federal housing-supply incentives such as the GST rebate on new purpose-built rentals favour development and rental capital. Investors who set up the right structure and withholding position now will be ready to move as the market opens.

Let’s talk

General information as of September 2026, not tax or legal advice. Rates and rules change, and treaty relief depends on residency and eligibility. Speak with us before acting.