

August 16, 2023

Minister Marie-Claude Bibeau, PC, MP  
Minister of National Revenue

Minister Lawrence MacAulay, PC, MP  
Minister of Agriculture and Agri-Food

Minister Chrystia Freeland, PC, MP  
Deputy Prime Minister and Minister of Finance

Dear Ministers,

The undersigned representatives would like to express our significant concerns with the unintended consequences of the Underused Housing Tax (UHT) on Canada's farmers from coast to coast to coast.

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. As a result, the UHT requires that various Canadian companies, partnerships, and trusts, regardless of foreign ownership, submit a return for every residential property they hold. This requirement applies yearly, even if no taxes need to be paid.

The 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.

***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. 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 requirement to file a UHT return, even if exempt from paying the tax, does not recognize the operational needs of many Canadian farming operations across Canada that rely on the TFWP and SAWP to remain viable.

While the CRA issued Underused Housing Tax Notice UHTN15 which exempted certain housing types for foreign workers such as bunkhouses and mobile homes, many accommodations for agriculture workers remain under the filing requirement. In particular, many farm employers have been moving towards higher quality housing for their foreign employees such as detached houses. This is increasingly happening at greenhouse operations and livestock farms which require year-round foreign labour and thus commonly provide residential apartments or houses as worker accommodations. The UHT filing requirement applies to this type of worker housing, effectively penalizing farm employers for offering higher quality housing arrangement for foreign employees.

### ***Unnecessary administrative and financial burden on farmers***

Private corporations and partnerships, including farms, are required to submit a UHT return for their residential properties, even if they don't have to pay the tax. Failure to file the UHT return can result in penalties, with individuals facing \$5,000 and corporations/partnerships facing \$10,000 per residential property.

While we recognize this tax provides an exemption process for which farmers can apply, the professional fees (i.e., accountants) to complete the exemption application can be significant and are simply one more burden upon farmers who are already facing increasing input costs, energy costs and regulatory requirements. In the meantime, the funds used to pay these professional fees to complete the exemption application could be going toward innovation on the farm operation.

### ***Farmers should be exempt from filing a UHT return***

Requiring farmers to submit a UHT return, even when they are exempt from paying the tax, creates an unnecessary financial and administrative burden on farmers, without effectively achieving the stated objective of the UHT. **As such, we urge the government to exempt farmers from the requirement to file a UHT return, ensuring that they are not penalized for failing to do so.** This exemption should be granted without any additional application or paperwork requirements for the farmers.

Thank you in advance for your careful consideration of our request. We welcome the opportunity to meet and discuss our concerns further.

Sincerely

