



February 27, 2025

The Honourable Dominic LeBlanc, P.C., M.P.
Minister of Finance and Intergovernmental Affairs
House of Commons
Ottawa, ON K1A 0A6

Dear Minister,

On behalf of the Canadian Home Builders' Association (CHBA), I am writing to you regarding the enhanced trust reporting requirements that were first introduced for 2023 tax year filings. In compliance with section 81(1) of the *Ontario Condominium Act*, condominium developers in Ontario are required to hold all purchaser pre-construction payments in trust with a solicitor. Since 2023, CHBA has maintained the position that trusts created out of compliance with provincial statute should be exempt from reporting disclosures. The Department of Finance also agreed with this view, introducing an amendment to the *Income Tax Act* in a legislative proposal in August 2024 that would give reporting exemption to these specific trusts. Due to the fact this and many other proposals did not receive the opportunity to be introduced in a bill, the exemption will not take effect, and as a result costly compliance will be required yet again for the 2024 tax year. This is yet another example of inappropriate red tape burdening the home building industry, despite commitments by the government to reduce red tape to facilitate the construction of more homes in Canada that are so desperately needed. We are therefore again asking that the Canada Revenue Agency (CRA) work to reduce the burden of compliance.

In the "Legislative Proposals Relating to the *Income Tax Act* and the *Income Tax Regulations* (Technical Amendments)" there is an amendment adding paragraph (q) to subsection 150(1.2) which excludes a trust that "is established for the purpose of complying with a statute of Canada or a province that requires the person or persons acting as trustee of the trust to hold property in trust for a specified purpose." CHBA previously made its support of this amendment clear in its consultation submission. As this proposal did not progress, **CHBA asks that the Department of Finance and CRA place a moratorium on assessing non-compliance penalties for these specific trusts.**

CRA's current guidance is that there is no change in filing obligations for the 2024 tax year. Therefore, CHBA continues to ask that the burden of reporting be lowered. This request was not granted for the 2023 tax year filing, resulting in an incredible burden on the industry, wasting time and money. The proposed legislative amendment was to correct this, but as the legislative process was delayed, industry is again facing this unnecessary and costly burden.





It should be noted that while the required T3 slip has an XML specification to allow secure filing via existing tax software used by industry, the sole method of submission for the required Schedule 15 Beneficial Ownership Information of a Trust is a fillable PDF file. Pre-construction condominium trusts contain hundreds or thousands of purchasers who need their personal information manually inputted into the fillable PDF form—an unacceptable situation. For the 2023 tax year filing, this led to thousands of hours of filing, privacy concerns related to tax IDs, and much higher legal fees for builders. **CHBA continues to ask that CRA work with industry by providing XML specifications for the Schedule 15 form.**

New condominium sales in Ontario are in crisis, as continually confirmed by CHBA's Housing Market Index. High prices, that purchasers can no longer afford, reflect ever increasing hard and soft costs of construction. Since it takes several years to develop a high-rise condominium building, inadequate pre-construction sales today lead to fewer starts in the years ahead. Continuing to require pre-construction trusts to disclose the personal information of purchasers, after signalling that these trusts should be exempt, is another instance of how regulatory processes continue to push soft construction costs higher. Developers have long been obligated to operate a FINTRAC compliance program under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act regulations. Meanwhile, the Department of Finance has not stated why FINTRAC compliance programs are insufficient.

Given that the reason for this unnecessary burden is a breakdown in the legislative process that has delayed passing of this much needed amendment, we reiterate that it is essential that you **immediately place a moratorium on assessing non-compliance penalties for trusts established for the purpose of complying with statute.**

Please contact CHBA Economist Evan Andrade at evan.andrade@chba.ca to further discuss and understand this issue.

Sincerely,

Kevin Lee, P.ENG., M.ARCH.
CEO, CHBA

cc: The Hon. Élisabeth Brière, P.C., M.P., Minister of National Revenue

