



GMS Flash Alert

Immigration Edition

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Canada - Changes to Prohibition on Non-Canadians Purchasing Homes

On March 27, 2023, Canada announced important changes to the *Prohibition on the Purchase of Residential Property by Non-Canadians Act*.^{1,2} These changes will allow more foreign nationals to purchase a home in Canada.

WHY THIS MATTERS

The *Prohibition on the Purchase of Residential Property by Non-Canadians Act* (“the Act”) originally prohibited individuals who are not Canadian citizens or permanent residents from owning a home, with limited exceptions. As a result, companies were facing challenges in relocating staff to Canada for business operations as foreign workers generally prefer destinations that offer housing stability (for related coverage see [GMS Flash Alert 2023-005](#), January 11, 2023).

Canada has addressed these concerns by allowing almost all work permit holders to purchase residential property anywhere in Canada.

“These amendments will allow newcomers to put down roots in Canada through home ownership and businesses to create jobs and build homes by adding to the housing supply in Canadian cities,” the Honourable Ahmed Hussen, Minister of Housing and Diversity and Inclusion said in the news release.

What Are the New Changes?

1) Those authorized to work in Canada for more than 183 days may purchase residential property

As of March 27, 2023, a majority of work permit holders – or those who are authorized to work in Canada under the *Immigration and Refugee Protection Regulations* – will be authorized to purchase residential property.

Specifically, these individuals are eligible to purchase homes if they have 183 days or more of validity remaining on their work permit or work authorization at time of purchase and they have not purchased more than one residential property.

2) Enabling foreign nationals to purchase vacant land in Canada for the purpose of development

Canada has repealed section 3(2) of the *Prohibition on the Purchase of Residential Property by Non-Canadians Act's* accompanying *Regulations*. **This means vacant land that has been zoned for residential and mixed use can now be purchased by non-Canadians and used for any purpose by the purchaser, including residential development.**

This exception allows all non-Canadians to purchase vacant land for the purpose of development.

3) Increasing the foreign threshold from 3 percent to 10 percent for corporations controlled by a Non-Canadian

For privately-held corporations or privately-held entities formed in Canada and controlled by a non-Canadian, the control threshold has increased from 3 percent to 10 percent. This aligns with the definition of "specified Canadian Corporation" in the *Underused Housing Tax Act*.

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Context and Why the Changes Are Important

The Act was originally designed to protect and balance Canada's real estate market from foreign buyers; however, the Act impacted certain populations of foreign nationals in Canada who are required to fill in-demand, high-skilled positions. The new amendments are expected to address the imbalance.

Penalties

Those who contravene the Act may be convicted and fined up to \$10,000 and a court may determine that a property be sold. (All dollar figures expressed are Canadian dollars.)

Considerations for Employers

These changes should help foster a more supportive environment for employers to hire foreign workers in Canada to address critical labour shortages.

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Individuals who have questions or concerns about the new measures are encouraged to contact their usual immigration counsel or KPMG Law LLP (see the Contacts section) for further guidance.

FOOTNOTES:

1 March 27, 2023 News Release from the Office of the Minister of Housing and Diversity and Inclusion, "[Amendments to the Prohibition on the Purchase of Residential Property by Non-Canadians Act's accompanying Regulations](#)."

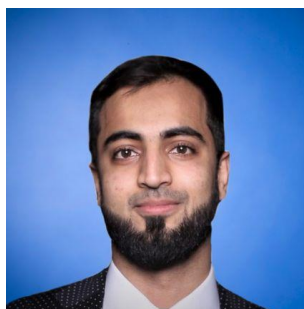
2 For related coverage, see [GMS Flash Alert 2022-227](#), December 23, 2022.

Contact us

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