

January 20, 2024

The Honourable Marie-Claude Bibeau, P.C., M.P.
Minister of National Revenue
7th Floor
555 Mackenzie Avenue
Ottawa ON K1A 0L5

Subject: Trust Reporting Extension Required

Hon. Marie-Claude Bibeau:

On behalf of the Canadian Home Builders' Association (CHBA), I am writing to express concern over the implementation for new trust report rules, beginning with the 2023 tax year, that are contained in Bill C-32, *Fall Economic Statement Implementation Act, 2022*. A new real property transaction requires a transfer of the property's title and/or a holding of the deposit, which in many cases, will result in the need to file a T3 slip and Schedule 15 beneficial ownership information form. The guidance released in December 2023 is insufficient to comply with the regulations for the 2023 tax year and filing deadline. CHBA is asking for a material filing extension of the T3 and Schedule 15 form, beyond April 2nd, 2024, such that home builders are afforded time to understand and comply with the reporting requirements sufficiently.

The reporting requirements are particularly burdensome for condominium deposits held in trust, as these contain beneficial ownership of hundreds or thousands of purchasers. This includes several years of deposits held in trust that remain in existence, not just trusts holding deposits made during the 2023 tax year. In most provinces, legislative statutes require the deposits be held in trust. Tax software companies are working on developing tools that will be able to automate the completion of the Schedule 15 form based on the personal information builders/law firms have on file. This is inline was the Canada Revenue Agency (CRA) advice given to CHBA last year. However, there is concern that these automation tools will not be ready in time to meet the April 2nd filing date. Furthermore, tax professionals have stated that CRA terms and conditions may not allow the automated retrieval of the trust account number using the CRA's Trust Account Registration online service. CHBA believes that Bill C-32 did not fully consider the burden of these reporting requirements on industry and that businesses working in good faith to comply should be afforded additional time to file.

There was also a lack of awareness surrounding these changes, where home builders were only made aware of these new requirements when discussing their 2023 tax filing with their accountants. Major accounting firms began notifying clients after December 31st, 2023. CHBA asserts that builders generally do not have the legal and accounting knowledge to make a legal determination on the existence of a bare trust arrangement. This includes making sense of the

legal jargon contained in the CRA's explanation of a bare trust. It has left builders with considerable uncertainty about whether or not they need to comply with these new reporting requirements, based on their contractual agreements with home purchasers. A filing extension will afford builders additional time to make this determination, without incurring additional and unwarranted cost.

Furthermore, CHBA strongly recommends that any possible filing extension be announced as far ahead as possible of the current April 2nd, 2024 deadline. Association members expressed frustration with the announcement of the Underused Housing Tax return filing extension on October 31, 2023, the original filing deadline.

We would welcome a discussion with your office to discuss the best possible course of action on these new filing requirements. You can contact Nicole Storeshaw, Director of Government Relations at nicole.storeshaw@chba.ca or 613-230-3036 (ext. 241) to set up a meeting.

Sincerely,



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