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Upcoming Changes to Ontario Land Transfer Tax Rates

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The province of Ontario is proposing to increase land transfer tax rates with effect from January 1, 2017. The *Building Ontario Up for Everyone Act (Budget Measures)*, 2016 received first reading on November 16, 2016 and is expected to come into force before the end of the year. For acquisitions closing after 2016, the land transfer tax rate for any property, other than properties that contain one or two single-family residences, will be increased to 2% from 1.5% for the portion of the consideration above \$400,000. The land transfer tax rate on properties that contain one or two single-family residences will remain at 2% for the portion of the consideration between \$400,000 and \$2 million and will be increased to 2.5% for the portion of the consideration that exceeds \$2 million.

The new rates will apply to all property transfers, including unregistered transfers, unless the transfer is made under a purchase agreement dated on or before November 14, 2016.

The draft legislation includes provisions that permit the Minister of Finance to prescribe by regulation the requirement to provide the Minister with additional information concerning any conveyance or the person who acquires a beneficial interest. This measure appears to be intended to increase disclosure requirements to assist in the administration and enforcement of the *Land Transfer Tax Act*.

The new Act does not amend the City of Toronto municipal land transfer tax rates under the *City of Toronto Act* and the city has not announced any increase in the existing rates.

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