

Advisory

Amendments to the Prohibition on the Purchase of Residential Property by Non-Canadians Regulations

Date: April 13, 2023

Distribution: Real estate licensees, real estate developers, mortgage brokers, credit unions, and interested parties

Advisory Number: 23-020

PURPOSE

The purpose of this Advisory is to notify regulated entities of the federal government's amendments, that came into force on March 27, 2023, to the accompanying Regulations of the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* ("the Act").

OVERVIEW OF CHANGES

The amendments to the accompanying Regulations broaden the exceptions that permit non-Canadians to purchase residential property under certain circumstances in order to make more non-Canadian families and businesses eligible to purchase residential property in Canada.

The amended Regulations include four key elements, summarized below.

Loosened Restrictions on Temporary Resident Work Permit Holders

The amendments allow foreign workers in Canada to purchase residential property if the following applies:

- They have a valid work permit or are authorized to work in Canada under the Immigration and Refugee Protection Regulations;
- Their work permits or work authorization are valid for at least 183 days or more at the time of purchase; and
- They have not purchased more than one residential property.

The amended Regulations also repeal the existing exceptions for foreign workers that allowed them to purchase property, as long as they filed all required tax returns and worked in Canada for a minimum period of three years.

Change to How Residential Property Is Defined

Vacant land zoned for residential and mixed use can now be purchased by non-Canadians and used for any purpose by the purchaser, including residential development.

New Exception to the Prohibition for Real Estate Development

The new exception will allow non-Canadians to purchase residential property for the purpose of development. This exception also extends to publicly traded entities formed under the laws of Canada or a province and controlled by a non-Canadian. For further information on what is meant by the term "development," please see Canada Mortgage and Housing Corporation's ("CMHC") [frequently asked questions](#).

Classification: **Public**

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Increased Threshold Defining Foreign Control of Direct or Indirect Ownership

For prohibition purposes, the control threshold is now 10 per cent for privately held corporations or privately held entities formed under the laws of Canada or a province and controlled by a non-Canadian.

CONSIDERATIONS FOR REGULATED ENTITIES

Regulated entities should carefully review the Act and the amended Regulations to ensure they understand the scope and application of the prohibition. The recent amendments introduce several important exceptions that further define and clarify the Act's legal parameters. To ensure compliance with the Act, regulated entities should remain vigilant when dealing with clients or property that may fall under the Act's jurisdiction, and in cases of uncertainty, should recommend that clients seek legal advice before proceeding with any services.

ADDITIONAL INFORMATION

To learn more about the amendments, please refer to:

- The [Prohibition on the Purchase of Residential Property by Non-Canadians Act](#);
- The Prohibition of the Purchase of Residential Property by Non-Canadians Regulations;
- CMHC's [news release](#) on the amendments; and
- CMHC's updated [frequently asked questions](#).

If you have questions about this Advisory, contact BCFSa's [Practice Standards Advisors](#) or your relationship manager.