

A summary of some of the key sections of the [Prohibition on the Purchase of Residential Property by Non-Canadians Act](#) are set out in the table below.

Subject	Relevant Sections	Summary Overview
Prohibition	<p><i>Act</i> s. 4</p> <p>s. 5</p>	<ul style="list-style-type: none"> • A “non-Canadian” is prohibited to purchase, directly or indirectly, any residential property. • This prohibition does not apply if the “non-Canadian” assumed liability under an agreement of purchase and sale before January 1, 2023. • The contravention of s. 4 does not affect the validity of the sale.
Who or what is a “Non-Canadian”?	<p><i>Act</i> s. 2</p> <p>Regulations s. 2</p> <p>s. 1</p>	<ul style="list-style-type: none"> • A “non-Canadian” means: <ul style="list-style-type: none"> (a) individuals who are not Canadian citizens or permanent residents of Canada or registered as an Indian under the <i>Indian Act</i>; (b) corporations not incorporated in Canada or a province; (c) a corporation incorporated in Canada or a province whose shares are not listed on a Canadian stock exchange and have a designation under section 262 of the <i>Income Tax Act</i> in effect and that is controlled by a person set out in (a) or (b) above (d) a prescribed person or entity. • A prescribed entity is: <ul style="list-style-type: none"> (a) an entity not formed under the laws of Canada or a province; and (b) an entity formed under the laws of Canada or a province – whose shares or ownership interests are not listed on a stock exchange in Canada for which a designation under Section 262 of the <i>Income Tax Act</i> is in effect – and controlled by an entity referred to in paragraph (a) or controlled by a person referred to in paragraph (a), (b) or (c) of the definition non-Canadian in section 2 of the <i>Act</i>. • “Control” with respect to a corporation or entity, means <ul style="list-style-type: none"> (a) direct or indirect ownership of shares or ownership interests of the corporation or entity representing 10% or more of the value of the equity in it, or carrying 10% or more of its voting rights; or (b) control in fact, whether directly or indirectly.
<u>Exceptions</u>	<p><i>Act</i> s. 4(2)</p> <p>Regulations s. 5</p> <p>s. 6</p>	<ul style="list-style-type: none"> • Temporary resident who satisfies “prescribed conditions.” • Certain refugees. • Individuals who purchase residential property with their spouse or common law partner who is eligible to purchase residential property in Canada. • A person of a “prescribed class of persons.” • Temporary resident enrolled in a study program or holding a work permit with revised conditions set out. • Foreign nationals holding special status passports. • Foreign nationals with temporary resident status on basis of public policy to provide safe haven to those fleeing conflict. • Refugees whose claims have been found eligible.

<p>What “residential property” is covered?</p>	<p><i>Act</i> s. 2</p> <p>Regulations s. 3(2)</p>	<ul style="list-style-type: none"> • A detached house or similar building containing no more than 3 dwelling units. • A part of a building that is a semi-detached house, rowhouse unit, residential condominium unit or other similar premises that is intended to be owned apart from any other unit in the building. • Any prescribed real property or immovable. • A prescribed real property or immovable means land that does not contain any habitable dwelling that is zoned for residential or mixed use in a census metropolitan area or census agglomeration. (repealed)
<p><u>Exclusion</u></p>	<p>s. 3(1)</p>	<ul style="list-style-type: none"> • “Residential property” located outside of census metropolitan area or census agglomeration.
<p>What constitutes a “purchase” of residential property under the <i>Act</i>?</p>	<p>Regulations s. 4(1)</p>	<ul style="list-style-type: none"> • The acquisition with or without conditions, of a legal or equitable interest or a real right in residential property constitutes a purchase.
<p><u>Exceptions</u></p>	<p>s. 4(2)</p>	<ul style="list-style-type: none"> • An individual’s acquisition resulting from death, divorce, separation or a gift; • The rental of a dwelling unit to a tenant for its own occupancy; • The transfer of residential property under the terms of a trust that was created prior to January 1, 2023; • The transfer resulting from the exercise of a security interest or secured right by a secured creditor; or • The acquisition by a non-Canadian of residential property for the purposes of development.
<p>Penalties and Enforcement</p>	<p><i>Act</i> s. 6(1)</p> <p>s.6(2)</p> <p>s. 5</p> <p>s. 7(1), s. 8(2)</p> <p>Regulations s. 7(2)</p>	<ul style="list-style-type: none"> • Every non-Canadian who contravenes this prohibition and <i>every person or entity that counsels, aids or attempts to counsel or aid a non-Canadian to purchase, directly or indirectly, any residential property knowing that the non-Canadian is prohibited under this Act from purchasing the residential property is guilty of an offence and liable on summary conviction to a fine of not more than \$10,000. Note that a charge or fine is not covered under your LIF policy.</i> • If a corporation or entity commits an offence then <i>any person set out in this section (including officer, director, senior official, any individual authorized to exercise managerial or supervisory functions) that directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and liable for the offence.</i> • The sale of a residential property to a non-Canadian in violation of the <i>Act</i> remains legally binding. • However, a court may order a sale of any residential property that has been purchased by a non-Canadian in violation of the <i>Act</i> and the non-Canadian cannot recover more than what was paid for the property. • Sets out the priorities for distribution of the proceeds of the sale.

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