



RESIDENTIAL · GUIDE

Transferring your home into (or out of) a family trust or holding company

Someone suggested putting the house in a trust or a corporation. Before you do, understand the costs that rarely get mentioned up front.

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Clients are often told, by an advisor, an accountant, or a well-meaning relative, that they should hold their home in a family trust or a holding company. Sometimes there are genuine reasons to do it. But moving a home you already own personally into a trust or a corporation is not a paper reshuffle. It is a transfer of an interest in land, with the same consequences any transfer has, plus some that are specific to this move and that frequently get glossed over when the idea is first floated. This guide is the plain-language version of what you are actually taking on, so you can weigh it before you commit.

This is a conveyance, and it can trigger land transfer tax

The first and most overlooked point: transferring your home into a trust or a corporation is a conveyance, and land transfer tax is calculated on the value of the consideration. If the property carries a mortgage and the trust or corporation assumes it or takes the property subject to it, that mortgage debt is generally treated as consideration, and land transfer tax can be payable on it, even though you are "just" moving your own home into your own structure.

And the spousal exemption that softens transfers between spouses does not help you here. That relief is for transfers between spouses, not for a transfer from an individual to a corporation or a trust. So the generous treatment people have heard about for putting a spouse on title does not carry over to putting the home into a holdco. Assume land transfer tax is in play on any mortgage, and get the number before you decide.

It can disturb your principal-residence treatment

This is the big one, and it is a tax question, so the detail belongs with your accountant, but you need to know it exists before you move the home. The principal-residence treatment that can shelter the gain on your home when you sell is tied to how the home is owned. Moving your home out of your personal ownership and into a corporation, and in some cases a trust, can affect or jeopardize that treatment. The potential tax cost of losing or impairing principal-residence treatment can dwarf every other number in this analysis.

Do not take this step without your accountant or tax advisor confirming what it does to your principal-residence position. This is not a detail. For many families it is the whole decision.

The other costs and consequences

- Setup and ongoing cost. A trust or a corporation has to be created and then maintained, with its own records, filings, and administration. This is real money and real upkeep, year after year, not a one-time step.
- Matrimonial-home implications. If the home is a matrimonial home, moving it out of personal names can intersect with family-law rights and consents. This needs to be checked, not assumed away.
- The lender's consent. If the home is mortgaged, moving it into a trust or corporation is a transfer, and your mortgage almost certainly requires the lender's consent for that. Doing it without consent can breach the mortgage and let the lender call the loan due. Our article on whether your mortgage lender needs to know about a title change explains why. Expect to have to deal with the lender, and in many cases to refinance, as part of the move.
- Loss of simplicity. Once the home is in a structure, dealing with it, selling, refinancing, or changing who controls the structure, is more complicated than dealing with a home you own personally.
- The reason has to justify all of that. A trust or holdco for your home can serve legitimate goals, creditor protection in some circumstances, estate and succession planning, or holding property for a blended family. But the benefit has to be real and has to outweigh the land transfer tax, the principal-residence risk, and the ongoing cost. Too often the structure is adopted on a general impression that it is "smart," without anyone pricing what it costs.

Moving it back out is also a transfer

If you later want to take the home back out of the trust or corporation, into personal names, that is another conveyance, with its own land transfer tax and tax analysis. The structure is not frictionless to unwind. That is another reason to be sure before you move it in.

How to approach the decision

- Start with the actual goal. What is the trust or holdco meant to achieve, and is there a simpler way to achieve it?
- Get the land transfer tax number, measured against any mortgage that would be assumed.
- Get the principal-residence answer from your accountant before anything else, because it can be decisive.
- Price the ongoing cost of maintaining the structure.
- Check the matrimonial-home position if the home is one.
- Only then decide, with the full cost in view, not just the pitched benefit.

Bottom line

Putting your home into a family trust or a holding company is a genuine conveyance that can trigger land transfer tax on any assumed mortgage, that can disturb the principal-residence treatment that shelters the gain on your home, and that carries real setup and ongoing cost, with no spousal exemption to soften the move. It can still be the right call for the right goal, but only once the real cost is priced against the real benefit, and the principal-residence question in particular has to be answered by your accountant before you act. This is the residential version of a decision we also see on the commercial side; our holding-company guide for commercial real estate covers that. Talk to us on the conveyancing side and to your accountant on the tax side before you move your home into any structure.

This is general information about transferring a home into a trust or corporation in Ontario, not legal or tax advice for your situation. Land transfer tax, principal-residence treatment, and the merits of any structure depend on your specific facts and require your accountant or tax counsel. Talk to us, and your accountant, before you do this.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

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