Initial

Under the Yukon’s Residential Landlord and Tenant Act (the “RLTA”), landlords are allowed to ask a tenant to pay a security deposit at the start of the tenancy.

Security Deposit - Maximum

A security deposit cannot be more than the first month’s rent and a landlord can only ask for the security at the beginning of the tenancy. The only exception is if a tenancy is a weekly tenancy, in which case, the maximum security deposit is the first week’s rent. If the landlord raises the rent at any point, the landlord cannot ask that the security deposit be increased.

A landlord can charge only one security deposit for each tenancy agreement, regardless of the number of tenants in the agreement. The landlord cannot ask for more deposit money if more people move in.

NOTE: A landlord can give a 14-day notice to evict if the tenant does not pay the security deposit within 30 days of the date the tenancy starts.

A security deposit may be to cover damage caused by the tenant (or tenant’s guests) beyond normal wear and tear. However, the landlord must agree in writing before the security deposit can be applied towards last month’s rent. (Any time a landlord requests “last month’s rent”, this is considered a security deposit).

NOTE: A security deposit does not include post-dated cheques or any fees allowed under the regulations.

Pet and Fuel Deposits – Prohibited

A landlord cannot charge a separate or extra deposit in relation to either a pet or fuel deposit. Only one security deposit can be collected per tenancy agreement and it cannot be more than the first month’s rent.

PETS

Landlords can decide if they will allow pets and restrict the size, kind or number of pets. The landlord can set pet-related fees and rules that the tenant must follow. It is best to include this in the tenancy agreement.

NOTE: Pet terms and restrictions must comply with existing laws (including bylaws).

FUEL

A landlord may ask for the fuel tank to be filled when the tenant vacates and should include a term in the tenancy agreement. If the tenant does not fulfill this condition, or if a dispute arises, then either may apply to the Residential Tenancies Office (RTO) for dispute resolution.

Further Prohibitions

A landlord is prohibited from requiring or including a term in an agreement that says the landlord automatically keeps all or part of the deposit at the end of the tenancy.
Return of Security Deposit

After a tenant has moved out and given the landlord a forwarding address in writing, the landlord has 15 days to do one of the following:

• return the security deposit, with interest to the tenant;
• obtain the tenant’s consent in writing to any deductions from the security deposit and return the difference to the tenant; or
• apply for dispute resolution asking to keep all or some of the security deposit if the tenant does not agree to the requested deductions.

A landlord who wants to keep some or all of a deposit must either:

• get the tenant’s written consent; or
• obtain an order from the Residential Tenancies Office (RTO) to deduct a specified amount from the deposit.

A landlord may want to keep some of a deposit to cover:

• damage the tenant, guests or pets caused to the rental unit beyond normal wear and tear;
• unpaid rent, utilities or fuel;
• changing the locks or cutting new keys if the keys were not returned; or
• reasonable costs caused by the tenant moving out without giving proper notice.

A landlord can keep all of a deposit if:

• a tenant does not provide a forwarding address, in writing, within six months; or
• the landlord offered at least two good faith opportunities for the condition inspection and the tenant did not participate on either occasion.

NOTE: Only with the landlord’s written consent can a tenant apply a security deposit to the last month’s rent.

Calculating Interest on Security Deposit

The landlord must calculate the interest owing on the full deposit regardless of any deductions they wish to make.

The interest rate that landlords must pay on security deposits is 2% below the Bank of Canada’s prime rate (set January 1 and July 1 of each year).

For a complete list of interest rates, please visit the website at: rto.gov.yk.ca or contact the Residential Tenancies Office (RTO) at (867) 667-5944 or Toll-free at (800) 661-0408 ext. 5944.

The formula used to calculate the interest is:

\[(\text{Security Deposit Amount}) \times (\% \text{ Rate}) \div 365 \times (\text{No. of days of the tenancy})\]

EXAMPLE SCENARIO

Mary rented an apartment on July 1, 2011. Her security deposit was $800. On June 30, 2013 (two years later), Mary moved out of the rental suite.

July 1, 2011 to June 30, 2013 = 730 days.

Interest rate on security deposits was 1% during that entire period (because the Bank of Canada prime rate was 3% during the entire period).

$800 x 1\% , divided 365 days, x 730 days = $16

The landlord owes Mary $16 in interest on her security deposit.

NOTE: An interest calculator is available on the Government of Yukon’s website located at: rto.gov.yk.ca

Claiming Damages Against a Security Deposit (Deductions)

Condition inspection reports must be completed at both move-in and move-out. Failure to do so will prohibit a landlord from filing an application for dispute resolution with the RTO in relation to security deposit deductions.

NOTE: See the Condition Inspection Reports [Start and Finish] Infosheet on condition inspection reports.
Disputes Related to Security Deposits

When a tenant and landlord cannot agree on deductions to a security deposit, either party can apply for dispute resolution to have the matter settled. The landlord must apply within 15 days of the tenancy ending, or receiving the tenant’s forwarding address (whichever is later). The landlord must return the security deposit with interest or make an application for dispute resolution. A landlord who has applied for dispute resolution can hold the deposit until the matter is resolved.

If the landlord does not return the security deposit or makes a deduction without the tenant’s approval and the tenant has given the landlord a forwarding address in writing within six months, the tenant has up to one year from the end of the tenancy to apply for dispute resolution. However, the tenant loses the right to the deposit if a forwarding address is not given in writing to the landlord within one year from the end of the tenancy.