



Don't forget about the Property Transfer Tax

Just as you're getting swept up in the fun and excitement of buying a home, your Realtor® will sit you down for a frank talk about "closing costs," the extra charges and taxes you'll have to pay on top of the purchase price of your home. The heftiest of these is usually the Property Transfer Tax, or PTT, but the good news is that most first-time buyers are exempt from the tax. The Property Transfer Tax is a tax paid to the British Columbia government by the purchaser of any piece of real estate in the province. It's calculated at:

- 1% on the first \$200,000,
- 2% on the portion of the fair market value greater than \$200,000 and up to and including \$2,000,000,
- 3% on the portion of the fair market value greater than \$2,000,000, and
- If the property is residential, a further 2% on the portion of the fair market value greater than \$3,000,000 (effective February 21, 2018).

For example, on a \$750,000 house, with a resident buyer the PTT totals \$13,000. You will need to complete a Property Transfer Tax Return, which your lawyer or notary public can assist you with. The tax is payable on the date the purchase is completed at the Land Title Office.

Foreign buyers additional Property Transfer Tax

If the property transfer is registered on or after February 21, 2018 and is within the following areas, the tax amount is 20% of the fair market value of your proportionate share:

- [Capital Regional District](#)
- [Fraser Valley Regional District](#)
- [Metro Vancouver Regional District](#)
- [Regional District of Central Okanagan](#)
- [Regional District of Nanaimo](#)

The additional property transfer tax doesn't apply to properties located on Tsawwassen First Nation lands.

The First Time Home Buyer's Exemption

To qualify for a full exemption, at the time the property is [registered](#) you must:

- be a [Canadian citizen](#) or [permanent resident](#)
- have lived in B.C. for 12 consecutive months immediately before the date you register the property or filed at least 2 income tax returns as a B.C. resident in the last 6 years
- have never owned an interest in a [principal residence](#) anywhere in the world at any time
- have never received a first time home buyers' exemption or refund

and the property must:

- be located in B.C.
- only be used as your [principal residence](#)
- have a [fair market value](#) of:

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- \$475,000 or less if registered on or before February 21, 2017, or
- \$500,000 or less if registered on or after February 22, 2017

You may qualify for a partial exemption from the tax if the property:

- has a [fair market value](#) less than:
 - [\\$500,000 if registered on or before February 21, 2017](#), or
 - [\\$525,000 if registered on or after February 22, 2017](#)
- is larger than 0.5 hectares
- has another building on the property other than the [principal residence](#)

There are a few other complex conditions governing PTT exemptions, but they don't affect most home buyers. Your conveyancer can supply you with complete details.

The British Columbia Real Estate Association (BCREA) and other industry groups are lobbying the government to eliminate the PTT. A recent study determined that eliminating the PTT would, over a ten year period, allow 9,623 more households to purchase a resale home and 4,403 more households to purchase a new home.

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/first-time-home-buyers>

[Newly Built Home Exemption](#)

The Newly Built Home Exemption reduces or eliminates the amount of property transfer tax you pay when you purchase a newly built home.

A newly built home includes:

- a house constructed and affixed on a parcel of vacant land
- a new apartment in a newly built condominium building
- a manufactured home that is placed and affixed on a parcel of vacant land
- an already constructed house that is removed from one parcel of land and affixed to another parcel of vacant land, as long as the house hasn't been occupied since it was placed on the new parcel of vacant land
- a house resulting from the division of an existing improvement affixed to a parcel of land that was also subdivided, as long as this house hasn't been occupied since the subdivision of the parcel
- a house converted from an existing improvement on the land. The previous improvement couldn't have been used as residential (e.g. a warehouse converted into apartments).

If you [qualify](#) for the exemption, you may be eligible for either a full or partial exemption from the tax.

If you paid property transfer tax when you purchased vacant land and you now have a newly built home on the land, you may be [eligible for a refund](#) of the property transfer tax you paid.

Do I Qualify?

To qualify, the property (land and improvement) transfer must be [registered](#) at the Land Title Office after February 16, 2016 and you must be:

- an individual
- a [Canadian citizen](#) or [permanent resident](#) (you will be asked to provide your Social Insurance Number (SIN) or proof of permanent residency and your birthdate)

and the property must:

- be located in B.C.
- only be used as your [principal residence](#)
- have a fair market value of \$750,000 or less
- be 0.5 hectares (1.24 acres) or smaller

You may qualify for a partial exemption, if the property:

- has a [fair market value](#) greater than \$750,000 and less than \$800,000
- is larger than 0.5 hectares
- has another building on the property other than the [principal residence](#)



Find out the [amount of your exemption](#) if you qualify.

[Foreign entities and taxable trustees](#) are not eligible for the exemption. If you are an individual who doesn't qualify because you are not a Canadian citizen or permanent resident, but you become one within 12 months of when the [property is registered](#), you may [apply for a refund](#) of the property transfer tax.

Find out if you are also eligible to claim a [refund](#) of any [additional property transfer tax](#) you may have paid.

Apply

To apply for the Newly Built Home Exemption, enter exemption code 49 on the Special Property Transfer Tax Return when the [property is registered](#) at a Land Title Office.

Occupancy Requirements

After you have registered the property, you must meet occupancy requirements during the first year you own the property. To keep the tax exemption you must:

- move into your home within 92 days of the date the property was registered at the Land Title Office, and
- continue to occupy the property as your principal residence for the remainder of the first year.

You will receive a letter at the end of the first year to confirm you meet these requirements.

You may keep part of the exemption if you moved out before the end of the first year. However, you must repay a portion of the amount of the exemption based on the number of days you moved out before the end of the first year.

Note: If the owner passed away, or the property is transferred because of a separation agreement or a court order under the [Family Law Act](#) before the end of the first year, the full exemption still applies.

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/newly-built-home-exemption>

Speculation and Vacancy Tax

The speculation and vacancy tax is designed to prevent housing speculation and help turn vacant and underutilized properties into homes for people who live and work in B.C. The tax is a part of the B.C. government's [30-Point Plan](#) to address the housing crisis and help make life more affordable for people.

This annual tax is payable by owners of residential property in designated [taxable regions of B.C.](#) More than 99% of British Columbians are estimated to be exempt from the tax.

All residential property owners in the designated taxable regions will have to complete an annual declaration to claim any relevant exemptions. Where there are multiple owners of a home, a declaration must be completed for each owner. Further information on [how to declare](#) will be mailed to all owners of residential property within the taxable regions by mid-February.

The speculation and vacancy tax rate varies depending on the owner's tax residency and whether the owner is a Canadian citizen or permanent resident, or a member of a [satellite family](#).

For 2018, the tax will be levied at:

- 0.5% of the property's assessed value for all properties subject to the tax

For 2019 and subsequent years, the tax will be levied at:

- 2% for foreign owners and [satellite families](#)



- 0.5% for British Columbians and other Canadian* citizens or permanent residents who are not members of a satellite family

The tax will be levied on owners who own the property on December 31 of each taxation year.

By levying the highest tax rate on foreign owners and [satellite families](#), the tax ensures those with limited social and economic ties to the province pay the largest share.

Read our [answers to questions on the proposed speculation and vacancy tax](#) and learn about [how to declare](#), the [taxable regions](#) and the available [exemptions](#).

[Exemptions for Speculation and Vacancy Tax](#)

In particular, most B.C. home owners who live in a designated [taxable region](#) will not have to pay the tax because they either live in their home or they rent out their property.

There are also exemptions available for special circumstances such as major home renovations and life events such as divorce or illness.

Exemptions are available for:

- [Individuals](#)
- [Land Under Development](#)
- [Corporations, Trustees and Partners](#)

All residential property owners in the designated taxable regions will have to complete an [annual declaration](#) to claim any relevant exemptions.

The following exemptions are available to eligible individuals who own residential properties within the taxable regions:

1. [Principal residence exemptions](#)
2. [Rental exemptions](#)
3. [Exemption for hazardous or damaged property](#)
4. [Medical exemption for second home](#)
5. [Year of acquisition exemption](#)
6. [Spousal separation exemption](#)
7. [Bankruptcy exemption](#)
8. [Exemption upon death](#)
9. [Exemption for testamentary trusts for minors](#)
10. [Exemption for properties with rental restrictions](#)
11. [Exemption for strata accommodation unit](#)
12. [Licensed daycare exemption](#)
13. [Vacant land exemption](#)
14. [Other exempt properties and entities](#)