

Application of the Act to Sales of Crown Land

Property Transfer Tax

This bulletin outlines application of the tax to sales of Crown land.

Sales of Crown land by way of Crown Grant are subject to tax on the fair market value of the land and improvements being transferred.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Property Transfer Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

Note: This bulletin replaces Information Bulletins 2-87 and 5-95.

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APPLICATION OF TAX

When Crown land is sold, registered ownership of the land and all improvements on the land is transferred. Tax is due and payable on the fair market value of the land and the improvements, whether or not the purchaser was the previous lessee of the property and regardless of who constructed the improvements.

WHAT IS FAIR MARKET VALUE?

Fair market value is the amount that would have been paid for the fee simple interest in the land being acquired had it been sold, at the date of registration of the transfer in the Land Title Office, in the open market by a willing seller to a willing buyer.

WHAT IS THE FEE SIMPLE INTEREST IN THE LAND?

The fee simple interest in the land being acquired by the purchaser includes the land and all buildings located on the land, whether or not the purchaser is paying the vendor for those improvements.

IS MY PURCHASE PRICE THE FAIR MARKET VALUE?

In some cases the Crown Grant purchase price does not represent fair market value as defined under the Act.

There may be a time delay between the negotiation of the purchase price and the date legal title is transferred. Depending on the real estate market, this could result in a fair market value at the date of registration being different from the purchase price.

The fair market value must include the value of all improvements to the property. Improvements could include buildings, timber, utility services, site improvements such as clearing, etc. Anything that adds value to the land should be included in the fair market value declared.

PAYMENT OF THE TAX DUE

Transfers Submitted for Registration by the Crown

Each application for registration of a transfer submitted directly to the Land Title Office by the Crown will be accompanied by a letter stating that payment of the tax due on the transfer will be obtained directly from the purchaser by the Property Transfer Tax Office.

In these cases, once the transfer has been processed, the Property Transfer Tax Office will provide the purchaser with the details of the tax due and a copy of a *General Property Transfer Tax Return* to complete and return together with payment of the tax due.

Transfers Submitted for Registration by the Purchaser, or the Purchaser's Lawyer, Notary Public or Agent

Where application for registration of a transfer is submitted to the Land Title Office by either the purchaser or the purchaser's lawyer, notary public or agent, a completed *General Property Transfer Tax Return* and payment of the tax due must be submitted to the Land Title Office at the same time.

The tax due must be calculated and paid based on the fair market value of the land and all improvements on the land, whether or not the purchaser is paying the Crown for the improvements.

NEED MORE INFO?

This bulletin is presented as an aid to understanding the *Property Transfer Tax Act*. It is not intended to replace the need to consult the legislation for possible application to a particular fact pattern. Where there is a conflict between this bulletin and the legislation, the legislation prevails.

For further information, please contact:

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Property Taxation Branch
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Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

Property Transfer Tax Returns and Guides can be obtained through the forms reorder line at 250 387-2183. Your request can also be faxed to 250 356-2550.