

Property Transfer Tax Generally

Property Transfer Tax Act

This bulletin provides information about the types of transactions that are taxable under the *Property Transfer Tax Act*, the rate of tax, some of the exemptions provided under the Act, what returns must be completed and who must complete the returns and pay the tax.

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

In this issue...

- ***What is property transfer tax?***
- ***What is the tax payable on?***
- ***What is the tax rate?***
- ***Who is required to pay the tax?***
- ***Who is required to file a property transfer tax return?***
- ***What types of transactions are taxable?***
- ***What about transactions where no money changes hands?***
- ***Exemptions from property transfer tax***
- ***Property transfer tax bulletins***

WHAT IS PROPERTY TRANSFER TAX?

Property transfer tax is a registration tax that you pay whenever you acquire an interest in a property.

Property transfer tax is different from property tax. You pay property transfer tax when you purchase or acquire an interest in a property. You pay property tax on an annual basis for services you receive from your local government.

WHAT IS THE TAX PAYABLE ON?

Property transfer tax is payable on the fair market value of the property being transferred. Fair market value is best described as the price that would be paid for a property by a willing purchaser to a willing seller in the open market. In most transactions, the actual purchase price is the best indicator of the fair market value.

Sometimes, where no money changes hands, it is necessary to seek a better indication of the fair market value. Often the most recent value assessed by BC Assessment is the best estimate of what the property would be sold for in the open market. It should be noted that BC Assessment bases their values on the current value at July 1. For instance, values for the 2005 tax year are based on assessed values as at July 1, 2004. Because property markets change rapidly, when the date of registration is not close to July 1, you may need a more recent indication of the fair market value, such as an appraisal.

The tax is based on the fair market value of the "land" that is transferred, which is defined in the [Interpretation Act](#) to include any interest in land, including any right, title or estate in it of any tenure, with buildings and houses, unless there are words to exclude buildings and houses, or to restrict the meaning. Because there is no limiting definition in the [Property Transfer Tax Act](#), tax is payable on the fair market value of the land, plus all improvements situated on that land.

An improvement is included in the value of the "land" if it is attached to the land. Accordingly, houses and other permanent structures are included in the fair market value. Manufactured homes that are registered in, and not exempt from, the [Manufactured Homes Registry](#) are not included in the fair market value of the land.

WHAT IS THE TAX RATE?

The amount of tax due depends on the fair market value of the property that is transferred. If the fair market value is \$200,000 or less, the tax is 1% of the fair market value. If the fair market value is greater than \$200,000, the tax is 1% of the fair market value up to \$200,000, plus 2% on the portion of the fair market value that is greater than \$200,000. For example:

- if fair market value of property is \$150,000
tax payable is: 1% of \$150,000 = \$ 1,500
- if fair market value of property is \$250,000
tax payable is: 1% of \$200,000 = \$ 2,000
plus 2% of \$50,000 = \$ 1,000
for total tax payable of \$ 3,000

WHO IS REQUIRED TO PAY THE TAX?

When you apply to register a taxable transaction at any Land Title office in British Columbia, and you are:

- acquiring a registered interest in the property,
- gaining a greater (additional) registered interest in the property, or
- becoming the registered holder of a lease, life estate, or right to purchase against the property

you are required to pay the tax, unless you qualify for an exemption (see explanation of exemptions below). You are referred to as the transferee or the purchaser.

You can pay by cash, cheque or money order (payable to the Land Title and Survey Authority of British Columbia). Give your payment to the Land Title office cashier, along with a completed property transfer tax return form (see available form types below). If you do not pay right away, the Registrar of Land Titles may refuse to register the transaction.

WHO IS REQUIRED TO FILE A PROPERTY TRANSFER TAX RETURN?

For each taxable transaction registered, you (the transferee or purchaser) are required to file the property transfer tax return at the Land Title office.

Complete a *General Property Transfer Tax Return* form ([FIN 579-G](#)) if you are paying property transfer tax, but you are not claiming an exemption.

Complete a *First Time Home Buyers' Property Transfer Tax Return* form ([FIN 269](#)) if you are claiming an exemption under the First Time Home Buyers' Program.

Complete a *Special Property Transfer Tax Return* form ([FIN 579-S](#)) if you are claiming any exemption other than the first time home buyers' exemption.

You can either complete and file the return at a Land Title office or you can have your representative (lawyer, notary public) complete and file the return on your behalf. Regardless of who completes the form, you, as the purchaser, must sign the certification portion.

Most law firms and notaries have supplies of the tax return forms, or you can get them from any Land Title or Service BC-Government Agent office, or by calling the Property Transfer Tax office at 250 387-0604.

WHAT TYPES OF TRANSACTIONS ARE TAXABLE?

The property transfer tax is a tax on changes to the registration of a property. Taxable transactions include, but are not limited to, the registration of:

- a transfer of legal title (for example, the purchase of a home and registration in your name)
- a right to purchase (an agreement for sale)
- leases and lease modification agreements
- life estates
- foreclosures
- property transfers as a result of corporate reorganizations
- estates, forfeitures, quit claims
- Crown grants

WHAT ABOUT TRANSACTIONS WHERE NO MONEY CHANGES HANDS?

All taxable transactions are taxable at fair market value whether or not money changes hands.

Gifts of property, changes from tenancy in common to joint tenancy, transfers to a surviving joint tenant, land exchanges and transfers of property between a corporation and its shareholders are all examples of where money may not be involved. These

transfers still require a property transfer tax return to be filed at the Land Title office, even if the transaction is exempt from property transfer tax.

EXEMPTIONS FROM PROPERTY TRANSFER TAX

The Act provides a number of exemptions from property transfer tax. A summary of the more commonly claimed exemptions can be found in [Bulletin PTT 003, Exemptions Generally](#). Some exemptions require more detail and are explained in separate bulletins. You can also consult the following documents:

- [Property Transfer Tax Act](#)
- [Instruction Guide for Completion of General, Special and Electronic Property Transfer Tax Return](#)
- [Instructions for Completion of the First Time Home Buyers' Tax Return or Application for Refund](#)

This information is available at your local Land Title or Service BC-Government Agent office, or by calling the Property Transfer Tax office at 250 387-0604 for further information.

PROPERTY TRANSFER TAX BULLETINS

The Property Transfer Tax office publishes a number of information bulletins. These bulletins can be found online at www.sbr.gov.bc.ca/rpt/ptt/pttbulletins/pttbul-index.htm, or by contacting the Property Transfer Tax office at:

PO Box 9427 Stn Prov Govt
Victoria BC V8W 9V1

Bulletins on specific topics refer to the relevant section in the Act, and provide the code that must be claimed on the property transfer tax return. A summary of each exemption and its eligibility requirements is also provided.

NEED MORE INFO?

This bulletin is provided for convenience and guidance.

If you have any questions, call us in Victoria at 250 387-0604 or, if you are calling from outside of Victoria, call Enquiry BC toll-free at 1 800 663-7867 and request a transfer to 387-0604, or e-mail your questions to ruraltax@gov.bc.ca

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.