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## INFORMATION BULLETIN

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Ministry of Finance

### **PERSONAL REAL ESTATE CORPORATIONS INTRODUCED IN B.C.**

VICTORIA – Regulatory amendments to the Real Estate Services Act that allow individual real estate licensees to form personal real estate corporations were approved and will go into effect on Jan. 1, 2009.

The personal real estate corporation structure allows licensed realtors to access the business advantages of incorporation. This can include better planning of income and tax streams and is similar to options available to other professionals, such as dentists, accountants and lawyers.

British Columbia is the first province to offer this corporate structure to licensed realtors. Currently licensed realtors operate as either employees or self-employed/individual contractors.

Personal real estate corporations will have no impact on the existing regulatory oversight framework of the BC Real Estate Council, nor will they reduce consumer protection standards.

The amendments were originally requested by the British Columbia Real Estate Association, an industry association representing the interests of approximately 17,000 realtors in British Columbia on behalf of its 12-member real estate boards.

The implementation date aligns with the tax year for individuals, and will provide the Real Estate Council with time to make amendments to their bylaws and rules and begin processing licence applications. It will also allow licensed realtors the opportunity to obtain the appropriate professional advice to determine if a personal real estate corporation will benefit their individual circumstances.

The Real Estate Services Act (RESA) was brought into force on Jan. 1, 2005 after a complete review of the previous legislation, the Real Estate Act. The new legislation gave the Real Estate Council complete and direct authority over licensees, making the industry a self-regulating profession. In addition, the RESA enhanced consumer protection through the establishment of a special compensation fund to protect against trust fund shortages and the licensing of strata managers (as of Jan. 1, 2006).

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