
Property Transfer Tax

Everyone in B.C. pays a Property Transfer Tax on each home purchase unless you are a first time home buyer (FTHB) and meet certain criteria.

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

Do not confuse this tax with your yearly property taxes. 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.

If you are not considered to be a first time homebuyer, you will be charged 1% on the 1st \$200,000 and 2% on the balance of the purchase price of the land and improvements. If you are a first time buyer and meet all conditions, you are exempt from this tax if your purchase is under the ceiling price of \$325,000* for properties in the Capital Regional District, Greater Vancouver Regional District, and the Fraser Valley Regional District. The threshold for properties located outside these regional districts is \$265,000*.

Examples of taxes due without a FTHB's exemption:

- i.e. Purchase Price: \$276,000 = \$3,520.
- \$300,000 = \$4,000.
- \$325,000 = \$4,500.

This amount must be paid in to your conveyance lawyer at the time the application to register a transfer is presented to the Land Title Office (on the completion date of your purchase). The conveyance lawyer also handles the documentation required to be filed at the Land Title Office for you.

Types of Transactions that are Taxable

Taxable transactions include, but are not limited to, the registration of:

A transfer of legal title (i.e., 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; and Crown grants.



Some of the Conditions for the First Time Buyers PTT Exemption

- 1) Each buyer applying for exemption/refund as a first time home buyer, must be a Canadian citizen or permanent resident, who has resided in B.C. for 12 consecutive months or filed two income tax returns as a B.C. resident within the last six years.
- 2) Each buyer who applies for an exemption or refund as a first time home buyer must not have previously owned a registered interest in a principal residence anywhere in the world or previously obtained a FTHB exemption or refund.
- 3) The fair market value of the land and improvements which comprise the principal residence must not exceed:
 - a) \$325,000* if located within the Capital Regional District, the Greater Vancouver Regional District or the Fraser Valley Regional District.
 - b) \$265,000* if located elsewhere in the province.

***A property with a fair market value of up to \$25,000 more than either of these threshold amounts will be eligible for a proportionate amount of the exemption.**

- 4) The amount borrowed to finance the purchase and registered against the title must be 70% or greater of the fair market value (not including amounts borrowed from related individuals). Registered financing assumed by a buyer may be included. Only financing that is being applied toward the purchase price of the principal residence will qualify for purposes of this exemption.
- 5) The financing obtained must have a mortgage term of at least one year following the date of registration of the purchase at the land title office.
- 6) If the property has a residence on it, the buyer must occupy the property as their principal residence within 92 days of the date of registration of the transfer at the Land Title Office.
- 7) The buyer(s) must occupy and use the property as their principal residence for the one-year period following the date of registration of the purchase at the Land Title Office.
- 8) Regardless of the type of mortgage financing used, the eligible indebtedness (the amount borrowed to finance the purchase which is registered against the title), may not be reduced during the first 12 months following registration of the transfer by more than the greater of:
 - a) \$13,000. if the principal residence is located within the Capital Regional District, Greater Vancouver Regional District or Fraser Valley Regional District.
 - b) \$10,600. from the principal amount borrowed if the principal residence is located elsewhere in the province.
 - c) the amount that would reduce the mortgage to 70% of the fair market value of the property at the registration date.

Please note that this is a guide only and does not refer to all limiting conditions. For more details refer to : www.gov.bc.ca/itb/ptt