



Clarification on the foreign buyer tax

We've had questions regarding who'll be exempt from this tax. You'll be exempt from paying the new tax if you:

- Are a Canadian citizen, even if you live abroad; or
- Are legally classified as a "permanent resident" - someone who's been given permanent resident status by immigrating to Canada, but is not a Canadian citizen. Permanent residents will have a valid permanent resident card issued by the Canadian government. [Click here](#) for more information on permanent residency.

Government to introduce a 15 per cent foreign buyer tax effective August 2

The provincial government will implement a 15 per cent foreign buyer tax on all residential transactions effective August 2, 2016. The tax will be added to the Property Transfer Tax and will apply to all residential properties purchased by foreign nationals or foreign-controlled corporations.

The new tax will be payable on applicable transfers registered with the Land Title Office on or after August 2 regardless of when the deal was completed.

The tax will apply to any transferee that is a foreign national, foreign corporation, or taxable trustee. Foreign nationals are defined as people who aren't Canadian citizens or don't have permanent resident status in Canada. (Permanent residents will have a valid permanent resident card issued by the Canadian government.)

"Housing affordability concerns all of us who live in the region. Implementing a new real estate tax, however, with just eight days' notice and no consultation with the professionals who serve home buyers and sellers every day needlessly injects uncertainty into the market," Dan Morrison, Board president said. "Government has had a long time to take action on the affordability issue, yet they decide to bring this new tax in over a long weekend, with no notice, and no time to prepare. It would have been prudent to seek consultation from the people most knowledgeable about the impact."

Under the new tax, for example, a foreign buyer or foreign-controlled entity will pay an additional \$300,000 in tax on a \$2 million home.

"To minimize short-term volatility in the market, we're calling on government to exempt real estate transactions that are in the process of closing from this new tax," Morrison said.

Foreign corporations are any corporation not incorporated in Canada, or are incorporated in Canada but controlled in part, or wholly, by a foreign national or corporation. Publicly traded companies are excluded. Commercial properties are excluded, and mixed-use properties will only pay the tax on the portion of the property's value that's for residential use.

RECBC News

Government Announces Additional Property Transfer Tax

Earlier today, the government announced a [new additional property transfer tax](#) (see below) on residential property transfers to foreign entities in the Greater Vancouver Regional District.

The additional tax will apply to all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

The Council recommends that licensees advise both their buyer clients and their seller clients to seek independent professional advice to determine if their trade in real estate will be subject to the Additional Property Transfer Tax, and about any potential impact that may have.

To find out more about these recent changes:

- [Ministry of Finance Tax Information Sheet](#)
- [Additional Property Transfer Tax Return](#)
- [BC Land Title & Survey](#)

Ministry of Finance

Tax Information Sheet



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gov.bc.ca/propertytransfertax

Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District

Property Transfer Tax Act

Effective August 2, 2016, an additional property transfer tax applies to residential property transfers to foreign entities in the Greater Vancouver Regional District.

The Greater Vancouver Regional District includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and Township, Lion's Bay, Maple Ridge, New Westminister, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A. The additional tax does not apply to properties located on Tsawwassen First Nation lands.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

Foreign Entities

Foreign entities are transferees that are foreign nationals, foreign corporations or taxable trustees.

Foreign nationals are transferees who are not Canadian citizens or permanent residents, including stateless persons.

Foreign corporations are transferees that are corporations:

- not incorporated in Canada or
- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation.

Applying the Additional Tax

The additional tax on property transfers to foreign entities is 15% of the fair market value of the foreign entity's proportionate share of a residential property located in whole or in part in the Greater Vancouver Regional District, excluding Tsawwassen First Nation lands. This tax applies in addition to the general property transfer tax.

The additional tax does not apply to non-residential property. The value of the residential portion of a transfer is calculated in the same way as for the property transfer tax.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes transactions such as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

The additional tax does not apply to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.

Filing and Paying the Additional Tax

Filing the Return

Foreign entities registering a transfer, or their legal representative, must file an *Additional Property Transfer Tax Return (FIN 532)*. The return must be filed at the time the property transfer is registered with the Land Title Office. Filing instruction can be found on the return, or at gov.bc.ca/propertytransfertax on the **File Your Taxes** page.

Paying the Additional Tax

The additional tax must be paid with the general property transfer tax at the time the property transfer is registered with the Land Title Office.

Each transferee is jointly and severally liable for the additional tax payable. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

Tax Avoidance

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Where transactions involve Canadian citizens, the Canadian citizen's social insurance number must be collected and their identification verified against official government issued identification such as a Canadian passport. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information may result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison. The penalties apply to anyone who participates in tax avoidance.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

Further Information

Online: gov.bc.ca/propertytransfertax

Toll free in BC: 1 888 355-2700

Email: pttenq@gov.bc.ca

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