

The property transfer tax – here's how it works

The property transfer tax (PTT) is the tax payable when an application is made at any BC Land Title Office to register changes to a certificate of title.

Buyers must file a PTT return for each transfer of a registered interest in property, including any interest in land, any right, title or estate in it of any tenure, with buildings and houses.

Realtors, if your buyer has previously owned property in BC, they must file *A General Property Transfer Tax Return (FIN 579G)* and pay the tax.

If this is your buyer's first time owning property, they must complete a *First Time Home Buyers' Property Transfer Tax Return (FIN 269)* to claim an exemption. First time buyers are exempt

if they meet specific criteria. (See this week's eXner file for details.)

The tax rate is one per cent on the first \$200,000 of the fair market value of the property, plus two per cent on the remainder.

Taxable transactions include registration of:

- a transfer of legal title (the purchase of a new home);
- a right to purchase (an agreement for sale);
- a lease or lease modification agreement;
- a life estate;
- a foreclosure;
- a property transfer pursuant to a corporate reorganization;
- an escheat, forfeiture, quit claim; or
- a Crown grant.

If your buyers purchase a condominium that has not yet been built, they will be

charged the PTT based on the fair market value on the date the transfer is registered, not on the date of the purchase.

For example, your buyer signs a contract to purchase a \$300,000 unit. During the 18 months it takes for the project to be built, the value increases to \$375,000. The PTT is based on the increased value.

Transactions are taxable regardless of the purchase price. A gift of property, a change from tenancy in common to joint tenancy, a transfer to a surviving joint tenant, and a transfer of property between a corporation and its shareholders may involve no funds. But these transfers require a PTT return to be filed. Some of these transactions may, however, be exempt from PTT.

For more information, contact 604-660-2421 and ask for the Property Transfer Tax office or go to realtorlink.ca and look under News and Notes on the REBGV homepage.

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Impact of the PTT on affordability

The benchmark price of a residential detached home is now \$469,080. The PTT of \$7,380 costs the buyer a total of \$12,877 on a 25-year mortgage at five per cent.

Mission Statement

The Real Estate Board of Greater Vancouver is an Association of realtors committed to providing its members with the structure and services to ensure a high standard of business practices and ethics and to effectively serve the real estate needs of the community.

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eXner files

First-time buyer's exemptions from the Property Transfer Tax

With so many first-time buyers getting into the market, many will have questions about exemptions from the Property Transfer Tax (PTT). It's a hefty tax, adding more than \$7,000 to the benchmark price of a detached home in the Board area.

To start with, make sure your first-time buyers complete the correct form, a *First-Time Home Buyers' Property Transfer Tax Return (FIN 269)* to claim an exemption.

An instruction guide for completing the first-time buyers' tax return is available at www.rev.gov.bc.ca or on RealtorLink.ca under News and Notes on the REBGV homepage.

To qualify for exemption, first-time buyers must meet all of the criteria described in the instruction guide. Here are examples of a few of the criteria.

Each purchaser applying for the exemption:

- must be a Canadian citizen or a permanent resident.
- must have resided in BC for at least one year immediately prior to the registration date or have filed tax returns as a resident for two of the six years prior to the registra-

tion date.

- Must not have previously owned an interest in a principal residence anywhere.
- Must not have previously obtained a first-time homebuyer's exemption or refund.

To be eligible for the full exemption, the fair market value of the land and improvements must not exceed the qualifying value of:

- \$275,000 if located within the Greater Vancouver Regional District, the Fraser Valley Regional District or the Capital Regional District.
- \$225,000 if located elsewhere in the province.

Note: If the fair market value of the land and improvements exceed the qualifying amount by not more than \$25,000 a prorated exemption is available.

The amount borrowed to finance the purchase and registered against title:

- must be 70 per cent or greater of the fair market value (not including amounts borrowed from related individuals as defined in section 251 of the Income Tax Act.)

If the property purchased has a residence on it, the purchaser must occupy the

property as their principle residence within 92 days of the date of registration of the transfer.

If the property purchased is vacant land, the residence must be established prior to the first anniversary of the registration date.

For a complete list, see the instruction guide on RealtorLink.ca.

Note: During past years, the Board has made many submissions to the provincial government asking for the removal of the PTT.

Some like it hot

It's a sizzling market, with a record number of sales and listings happening every day. To ensure your listings are entered within 48 hours of reaching the Board, the MLS department has been working overtime, including some Saturdays.

The market shows no sign of slowing down and as MLXchange implementation nears, we anticipate an increase in workload. It's inevitable that the MLS staff will need to work the occasional Saturday.

We do our best to inform you of these situations in advance through fax or email, but sometimes they are last minute. Please be sure to check for new listings during the week-ends as well as the week.