

Property Transfer Tax

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British Columbia's 2005 Provincial Budget Property Transfer Tax Act Amendments Changes are Effective February 16, 2005

On February 15, 2005, the Minister of Finance announced amendments to the **threshold** and **mortgage pay down** requirements of the **First Time Home Buyers' Program**.

Threshold Requirement

Effective for applications for registration of transfers received by the Land Title and Survey Authority **on or after February 16, 2005**, the fair market value threshold for properties in the Capital Regional District, Greater Vancouver Regional District, and Fraser Valley Regional District is increased to \$325,000 from \$275,000. The fair market threshold for properties located outside these regional districts is increased to \$265,000 from \$225,000.

Mortgage Pay Down Requirement

The mortgage pay down limits are also increased for applications for registration of transfers received by the Land Title and Survey Authority **on or after February 16, 2005**. In

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the Capital Regional District, Greater Vancouver Regional District and Fraser Valley Regional District the pay down limit is increased to the greater of \$13,000 and the amount that would reduce the mortgage to 70% of the fair market value of the property. For properties located outside these regional districts, the pay down limit is increased to the greater of \$10,600 and the amount that would reduce the mortgage to 70% of the fair market value of the property.

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Mortgage pay down limits for applications for registration of transfers received by the Land Title and Survey Authority **prior to February 16, 2005** are unchanged at the greater of 70% of the fair market value of the property and \$11,000 or \$9,000 depending on the area of the province in which the property is located.

Lawyers or Notaries Offices Filing Electronically through the Land Title and Survey Authority

The electronic First Time Home Buyers' Property Transfer Tax Return, which is used by those electronically filing transfers through the Land Title and Survey Authority, has been revised to calculate the tax payable based on the new threshold and mortgage pay down requirements. This is the only version of the return that can now be selected from the Land Title and Survey Authority menu.

The previous version of the electronic return will continue to be accepted for applications for registration of transfers by the Land

Title and Survey Authority.
Calculation of the tax due on an application for registration of a transfer submitted using this version of the return will not be affected unless the property is in the Capital Regional District, Greater Vancouver Regional District, or Fraser Valley Regional District, and has a fair market value between \$275,000 and \$325,000, or is outside these regional districts, and has a fair market value between \$225,000 and \$265,000.

In these instances, use of the previous version of the return will result in an incorrect amount of tax being paid. A request for a refund of the difference in tax paid should be made in writing to the Administrator, Property Transfer Tax. Requests for refunds may be faxed to 250 953-3094 in Victoria or may be mailed to PO Box 9427 STN PROV GOVT Victoria BC V8W 9V1.

Pre-sold Strata Units

There is new information about how property transfer tax applies to pre-sold condos and other strata units. Retroactive to January 1, 2001, taxpayers who purchase pre-sold units will now have their tax based on their total cost rather than on the unknown fair market value on the date they register their property. This change is also of interest to first-time homeowners. For more information, please see our new [Bulletin PTT 024](#) for details.

Change to phone and fax numbers for the Forms Order Line

Effective Monday April 26, 2004 the telephone number for the Forms Order line is 250 387-2183. Orders for stock of property transfer tax returns and guides may also be faxed to the Forms Order line at 250 356-2550.

What is Fair Market Value?

Under the *Property Transfer Tax Act*, tax is payable based on the fair market value of the property. Fair market value is defined as the amount that would have been paid for the property had it been sold at the date of registration of the transfer at the Land Title office in the open market by a willing seller to a willing purchaser.

Usually fair market value is the purchase price. In other instances, such as where no money changes hands or the transfer did not take place in the open market, the fair market value must be determined by other means, such as an appraisal or by reference to the most relevant BC Assessment value.

An open market is where the property is offered for sale so that anyone likely to be interested in purchasing it may make an offer. Often for residential property this is done by listing the property with a realtor or by advertising in the press and putting out a "For Sale" sign. If your tax return is reviewed by this office you may be asked to provide evidence of how you knew the property was for sale.

For further information about the tax please [click here](#).

Bulletin Re-numbering and Reformatting

As part of an effort to make our bulletins easier to locate and identify, we have:

- put all of them in a new, common format. All bulletins now require Acrobat Reader (a free download is [available here](#)); and
- re-numbered our bulletins to specify the tax act to which they are related
 - consistent with the numbering of bulletins across the ministry, Property Transfer Tax bulletins will have the prefix “PTT” added in front of the number
 - the numbering of the bulletins will otherwise remain the same, with the exception of an additional “0” being added in front of the number (e.g., 01 will become PTT 001...23 will become PTT 023)

We hope you like the new format and that the renumbering will, in the future, help you find and identify the information you need more quickly and easily.

If you have any questions or concerns, please contact our

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