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PROPERTY TRANSFER TAX AND THE FIRST TIME HOME BUYERS' PROGRAM



November 2007

Property Transfer Tax

You pay property transfer tax each time you register a property at the land title office.

The First Time Home Buyers' Program

If you are purchasing your first home, you may qualify for an exemption from property transfer tax if certain requirements are met.

WHAT ARE THE REQUIREMENTS?

Purchaser

You qualify for the exemption if:

- you are a Canadian Citizen, or a permanent resident as determined by Immigration Canada,
- you have lived in British Columbia for 12 consecutive months immediately before the date you register the property, or you have filed 2 income tax returns as a British Columbia resident during the 6 years before the date you register the property,
- you have never owned an interest in a principal residence anywhere in the world at anytime, and
- you have never received a first time home buyers' exemption or refund.

Property

The property you purchase qualifies if:

- the fair market value of the property is not more than the current threshold of \$375,000,
- the land is 0.5 hectares (1.24 acres) or smaller, and
- the property will only be used as your principal residence.

If the property does not meet all of these requirements, you may still qualify for a partial exemption.

Financing

The financing you receive qualifies if:

- it is at least 70% of the fair market value of the property,
- it has a term of at least 1 year, and
- it is registered within 7 days of the date you register the property.

Only include financing that is applied towards the purchase of the principal residence. Do not include any amount you borrow from people you are related to.

HOW DO I APPLY FOR THE EXEMPTION?

You apply for the exemption when you register the property at the land title office.

Generally, a lawyer or notary public registers the property and applies for the exemption on your behalf.

The land title office sends your application to the Ministry of Small Business and Revenue to verify your eligibility.

Make sure you do not apply for the exemption if you have owned an interest in a principal residence anywhere in the world at anytime. If you do this, you will be assessed for the tax due and an additional penalty equal to the tax due.

If you do not apply for the exemption when you register the property at the land title office, you can apply for a refund of the property transfer tax you pay within 18 months of the date you register the property.

WHAT ARE THE REQUIREMENTS TO KEEP THE EXEMPTION?

- You need to occupy the property within 92 days of the date you register the property and continue to use the property as your principal residence for at least 1 year after you register the property.
- If the land is vacant when you purchase the property, a principal residence needs to be built on the property within 1 year of the registration date, and you need to reside on the property for the remainder of that year. The fair market value of the land, plus the cost of building any improvements on the land cannot exceed the current threshold of \$375,000.
- During the first year you own the property, there are limitations to how much you can pay down your financing.
- At the end of the first year you own the property, the ministry will send a letter to you asking for details of the financial account(s) that you have registered against the property for that year.
- It is your responsibility to make sure the ministry receives all of the necessary information. If the ministry does not receive the information, you will be assessed for the property transfer tax due.
- You may still qualify for a partial exemption if you pay down your financing more than the limitation amount or if you move off the property before the end of the first year.

More Information

This brochure provides general information on the First Time Home Buyers' Program. For details on the program, please see [Bulletin PTT 004](#), *First Time Home Buyers' Program*. This bulletin is available on our website at www.gov.bc.ca/sbr

If you have any questions, please contact us.

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