

Property Transfer Tax Exemptions (E & O. E.)

Free advice: This is one area where a Realtor, Mortgage Broker can get himself/herself in trouble. We have no way of knowing all the factors which would make a buyer exempt or not of the PPT. Please refer the clients to their lawyer for final answer on this. **The following is intended to give you some guidelines only.** You can also refer your clients to the Provincial Government web site:

www.sbr.gov.bc.ca/msbr/budget/property_taxes.htm

The most recent changes to the Act increased the amount of eligibility for First time buyers (FTB). The threshold has been raised to a house of \$425,000 plus partial exemptions to Fair Market Value of \$450,000.00. There is a partial, pro rated exemption for properties with a Fair Market Value from \$425,000 up to \$450,000. A complicated formula is used to calculate the exemption and tax payable. What this means is that for a house selling under \$425,000 you may get a full exemption (provided of course all buyers qualify). To simplify the math I have done a chart of the tax payable for your reference.

FMV or Purchase Price	Normal PPT	Exemption	Tax Payable
\$425,000	\$6,500	\$6,500	\$0
\$426,000	\$6,520	\$6,259	\$261
\$427,000	\$6,540	\$6,017	\$523
\$428,000	\$6,560	\$6,072	\$488
\$429,000	\$6,580	\$5,527	\$1,053
\$430,000	\$6,600	\$5,280	\$1,320
\$431,000	\$6,620	\$5,031	\$1,589
\$432,000	\$6,640	\$4,781	\$1,859
\$433,000	\$6,660	\$4,529	\$2,131
\$434,000	\$6,680	\$4,275	\$2,405
\$435,000	\$6,700	\$4,020	\$2,680
\$436,000	\$6,720	\$3,763	\$2,957
\$437,000	\$6,740	\$3,505	\$3,235
\$438,000	\$6,760	\$3,312	\$3,448
\$439,000	\$6,780	\$3,036	\$3,744
\$440,000	\$6,800	\$2,760	\$4,040
\$441,000	\$6,820	\$2,484	\$4,336
\$442,000	\$6,840	\$2,208	\$4,632
\$443,000	\$6,860	\$1,932	\$4,928
\$444,000	\$6,880	\$1,656	\$5,224
\$445,000	\$6,900	\$1,380	\$5,520
\$446,000	\$6,920	\$1,104	\$5,816
\$447,000	\$6,940	\$828	\$6,112
\$448,000	\$6,960	\$552	\$6,408
\$449,000	\$6,980	\$276	\$6,704
\$450,000	\$7,000	\$0	\$7,000

How much is the tax payable?

1% of the first \$200,000 and 2% of the balance

Who is exempted from paying PPT?

Anyone buying a home who may be described as a First time Buyer (FTB). FTB is anyone who has not owned a home as a **principal residence**, anywhere in the world, ever, before. This is anywhere in ‘the world’, not just BC.

How can the tax be minimized?

One way is if one of the purchasing partners has owned a principal residence before, the other partner may be exempted for his/her share of the tax.

e.g. – Price of home is \$300,000.00. One partner has owned and the other not. They could buy as tenants in common with a 99/100 and 1/100th partnership. The 1/100th for the partner having owned before. In a scenario like this, the FTB would be exempted from portion and the other would be a nominal amount (\$40.00) – make sure your clients check with their lawyer. The bank doing the mortgage may have something to say about this (most times no)

Who has to pay PPT?

Buyers who have previously owned a principal residence before “**anywhere in the world**”, Buyers purchasing in excess of the maximum price of \$425,000-450,000.

Other considerations

If you have any questions, please do not hesitate to call me.

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