

Ministry of Finance

Tax Bulletin



ISSUED: January 2000 REVISED: April 2009

Bulletin PTT 001

www.fin.gov.bc.ca/rev.htm

Property Transfer Tax

Property Transfer Tax Act

Are you purchasing or acquiring an interest in real property?

Do you need to know how to calculate property transfer tax?

This bulletin provides information to help you understand the property transfer tax (PTT) and how it applies when you acquire an interest in real property.

For information on property transfer tax exemptions, please see [Bulletin PTT 003](#), *Property Transfer Tax Exemptions*.

Table of Contents

What is PTT	1
When You Pay and File a PTT Return.....	2
Fair Market Value	3
Calculating PTT.....	4
PTT Exemptions	5

What is PTT

PTT is a registration tax that you pay when you acquire a registered interest in property at the [Land Title and Survey Authority of British Columbia](#) (land title office). PTT is based on the fair market value of the property that is being transferred whether or not money changes hands, including transfers of property between a corporation and its shareholders, gifts of property and land exchanges.

However, some transfers may qualify for a PTT exemption, such as a transfer of a principal residence to a related individual or a transfer to a surviving joint tenant. For information on exemptions, please see the section below, PTT Exemptions.

Please note: PTT is different than the annual property taxes that you pay to your municipality or to the province.

When You Pay and File a PTT Return

PTT is payable by the purchaser/transferee when a **taxable transaction** is registered at the land title office. You are a purchaser/transferee when you:

- acquire a registered interest in a property,
- gain a greater (additional) registered interest in a property, or
- become a registered holder of a lease, a life estate or a right to purchase that is registered against a property.

A **taxable transaction** is any transaction registered at the land title office that requires a PTT return to be filed. The following are examples of taxable transactions:

- transfers of legal title (e.g. the purchase of a home and registration in your name),
- rights to purchase (agreements for sale),
- leases and lease modification agreements,
- life estates,
- foreclosures,
- property transfers as a result of corporate reorganizations,
- estates, forfeitures or quit claims, and
- Crown grants.

For each taxable transaction registered at the land title office, you complete one of the following three PTT returns.

1. If you are paying PTT, you complete the *General Property Transfer Tax Return* form ([FIN 579G](#)).
2. If you qualify for the First Time Home Buyers' Program, you complete the *First Time Home Buyers' Property Transfer Tax Return* form ([FIN 269](#)).
3. If you qualify for any other exemption, you complete the *Special Property Transfer Tax Return* form ([FIN 579S](#)).

You or your representative, such as a lawyer or notary public, must complete and file the return at the land title office. Regardless of who completes the return, you, as the purchaser/transferee, must sign the certification portion. Most lawyers and notaries have a supply of the returns. You can also obtain the returns from any land title office, [Service BC Centre](#) or from the ministry.

If your representative is filing your return, they may complete the transaction and pay PTT using the electronic filing system. For more information on the electronic filing system, please see the land title office website at www.ltsa.ca/electronic-filing-system

You can also pay PTT by cash, cheque or money order (payable to the Land Title and Survey Authority of British Columbia). If you do not pay PTT at the time of registration, the land title office may refuse to register the transaction.

Fair Market Value

You pay PTT on the **fair market value** of the property at the time you register the transfer at the land title office.

The **fair market value** is the price that you, as a willing purchaser, would pay to a willing seller in the open market. An open market is where property is offered for sale so that anyone interested in purchasing the property has an opportunity to make an offer.

For example, a seller lists a property with a realtor or advertises it for sale. You purchase and register the property within a few months after the sales contract is signed. In this case, the purchase price you paid for the property is the fair market value.

If you register the property more than a few months after you have signed the sales contract or if the sale was not an open market transaction, you will need to determine if the purchase price is considered the fair market value. For example, you may use the current property valuation provided by BC Assessment or a recent independent appraisal to help you determine the fair market value.

For some transactions, the BC Assessment value will not provide you with a current fair market value. This is because the BC Assessment value is based on market conditions at July 1 of the previous year. For example, the 2008 BC Assessment value is based on market values as of July 1, 2007.

Please note: The 2009 BC Assessment values are based on the lower of the 2008 or 2009 value. This means you may need a more recent valuation, such as an independent appraisal, to support the fair market value of the property.

The following are examples of when the BC Assessment value is not acceptable and you may need an independent appraisal to support the fair market value.

- There have been changes to the property since the BC Assessment value was determined, such as trends in the local area, addition of services, partial/new construction or rezoning.
- The land has been classified as a farm by BC Assessment.

Land and Improvements

You pay PTT on the fair market value of the property, which includes land and any improvements to the land. This is because land means any interest in land, including any right, title, estate or tenure, with all buildings and houses. The following are examples of common improvements to land that are included in the fair market value of the property:

- houses,
- manufactured or modular homes,
- garages,
- sheds or other outbuildings,
- paving, such as a driveway,
- utilities, such as sewer, and
- timber.

Calculating PTT

You pay PTT on the fair market value of the property at the rates listed below.

Fair Market Value	Tax Rate
\$200,000 or less	1% of the fair market value
Over \$200,000	1% of the fair market value up to \$200,000, plus 2% on the portion of the fair market value greater than \$200,000

Example 1 – Fair Market Value \$150,000

1% on \$200,000 or less
= \$150,000 X 1%
= \$1,500

The PTT payable is \$1,500

Example 2 – Fair Market Value \$350,000

1% on \$200,000 or less
= \$200,000 X 1%
= \$2,000

Plus 2% on portion greater than \$200,000
= (\$350,000 - \$200,000) X 2%
= \$150,000 X 2%
= \$3,000

The PTT payable is \$2,000 + \$3,000 = \$5,000

PTT Exemptions

There are a number of exemptions from PTT. Please see the following bulletins for information on the more commonly claimed exemptions:

- **Bulletin PTT 003**, *Property Transfer Tax Exemptions*
- **Bulletin PTT 004**, *First Time Home Buyers' Program*
- **Bulletin PTT 005**, *Exemptions for the Transfer of a Principal Residence*
- **Bulletin PTT 006**, *Exemptions for Transfers in the Course of Subdivision*
- **Bulletin PTT 007**, *Exemptions for the Transfer of a Recreational Residence*

For more information on PTT and other exemptions, please see the bulletins on our website at www.sbr.gov.bc.ca/business/Property_Taxes/Property_Transfer_Tax/bulletins_notices.htm

Need more info?

Property transfer tax website: www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Transfer_Tax/ptt.htm

Telephone (Victoria): 250 387-0604

Service BC (In Vancouver): 604 660-2421

Service BC (Elsewhere in BC): 1 800 663-7867

E-mail: PTTENQ@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Property Transfer Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Transfer_Tax/legislation.htm

References: *Property Transfer Tax Act*, Sections 1, 2, 3, 13, 13.1 and 13.2, and Regulations 1 and 2.