

The explanations provided in this guide regarding the First Time Home Buyers' Program, represent a brief summation of the law. Where there is any conflict between the wording used in this guide and the *Property Transfer Tax Act* and Regulations, the statute will prevail.

The following information outlines the requirements of the program. Please provide each applicant for the First Time Home Buyers' Exemption with a copy of this guide. Applicants signing either the First Time Home Buyers' Property Transfer Tax Return or the First Time Home Buyers' Application for Refund should read and understand these conditions.

**Conditions to be met at the time of application:**

1. Each purchaser applying for the exemption/refund must be a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*.
  2. Where a purchaser is not entitled to an exemption at the registration date only because they are not a Canadian citizen or permanent resident, and the purchaser satisfies that requirement on or before the first anniversary of the registration date, they may apply for a refund of the tax paid. **Application for a refund must be made within 18 months of the registration date.**
  3. Each purchaser applying for the exemption/refund must have either continuously resided in British Columbia for at least one year immediately prior to the registration date or, if the purchaser did not continuously reside in British Columbia for that period, have filed income tax returns as a resident of British Columbia for 2 of the 6 taxation years immediately prior to the registration date.
  4. Each purchaser applying for the exemption/refund must not have previously owned an interest in a principal residence anywhere.
  5. Each purchaser applying for the exemption/refund must not have previously obtained a first time home buyer's exemption or refund.
  6. To be eligible for the full exemption, the fair market value of the land and improvements which comprise the principal residence must not exceed the qualifying value of:
    - \$275,000 if located within the Capital Regional District, Greater Vancouver Regional District, or Fraser Valley Regional District; or,
    - \$225,000, if located elsewhere in the province
  7. If the fair market value of the land and improvements which comprise the principal residence exceeds the applicable qualifying value by an amount not greater than \$25,000, a proportionate exemption is available.
  8. The amount borrowed to finance the purchase and registered against the title must be 70% or greater of the fair market value (not including amounts borrowed from related individuals; related persons as defined in section 251 of the *Income Tax Act (Canada)*; corporations, other than a public company as defined in the *Business Corporations Act*, of which the purchaser is a shareholder or of which one or more individuals who are related persons of the purchaser are shareholders; or a trustee on behalf of a trust of which the purchaser is a beneficiary or of which one or more related persons of the purchaser are beneficiaries). The financing must be registered within 7 days of the date of the transfer. Registered financing assumed by a purchaser may be included. Only borrowed financing that is being applied toward the purchase price of the principal residence will qualify for purposes of this exemption.
  9. The amount borrowed must have a term of at least one year following the date of registration of the purchase at the land title office.
    - Where the mortgage has a term of less than one year the purchaser must pay the tax at the time of purchase and apply for a refund at the time the mortgage is renewed to extend to the full year.
    - Where the mortgage is a demand mortgage which does not state the term on the face of the document, the purchaser must pay the tax at the time of purchase and apply for a refund prior to the first anniversary of the date of registration.
- Application for a refund must be made within 18 months of the registration date.
10. If the property purchased has a residence on it, the purchaser must occupy the property as their principal residence within 92 days of the date of registration of the transfer at the land title office.
  11. If the property purchased is vacant land, the residence must be established prior to the first anniversary of the registration date, and the purchaser must occupy and use the property as their principal residence from the date of the residence was established to a date no earlier than the first anniversary of the registration date.
  12. If the property purchased is vacant land, the fair market value of the land plus the total cost to construct the improvement must be no greater than the sum of the applicable qualifying value in 6. and \$25,000.

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13. The full exemption/refund is available on properties where all of the improvements are classified as residential and the land portion does not exceed 0.5 hectares (1.24 acres) in area. A partial exemption/refund may be available where:
    - the improvements (buildings) are not all classified as residential. In this case, only the fair market value of buildings classified as residential are to be included in the exemption calculation. The purchase price of the entire property must not exceed the limitations outlined.
    - the land exceeds 0.5 hectares in area. In this case, the exempt portion of the fair market value of the land is restricted to a fractional 0.5 hectare portion. The exempt portion is calculated by dividing the fair market value of the land by the total area (in hectares) of the parcel and then multiplying the result by 0.5 hectares. Once again, the purchase price of the entire property must not exceed the limitations outlined.
  14. **Application for a refund must be made within 18 months of the registration date.**
  15. Each purchaser claiming the exemption/refund must sign the certification portion of the tax return/application for refund, granting the Administrator the right to verify the information submitted in the tax return/application for refund for the purpose of confirming eligibility for the exemption/refund. The Administrator intends to examine relevant information in the Motor Vehicle Branch, the Home Owner Grant Office, BC Hydro, Land Title Office, BC Assessment and other sources as required to confirm eligibility.

**Conditions to be met during the first year of ownership:**

1. The purchaser must occupy and use the property as their principal residence to a date no earlier than the first anniversary of the registration date. Eligibility for exemption/refund will not be denied where a purchaser fails to occupy the property for this period due to their death, or because they transfer their interest in the property pursuant to a written separation agreement or a court order under the *Family Relations Act*.
2. Regardless of the type of mortgage financing used, the eligible indebtedness (the amount borrowed to finance the purchase which is registered against the title), may not be reduced prior to the first anniversary of the registration date by more than the greater of:
  - the amount that would reduce the eligible indebtedness to 70% of the fair market value of the property at the registration date, and
  - \$11,000 if the principal residence is located within the Capital Regional District, Greater Vancouver Regional District or Fraser Valley Regional District, or
  - \$9,000 if the principal residence is located elsewhere in the province.

All payments made against the principal amount, whether the principal portion of regular payments or lump-sum payments, are used in calculating the amount by which the eligible indebtedness has been reduced.

If the type of financing used permits amounts to be borrowed in addition to the amount borrowed to finance the purchase of the principal residence (e.g. readvanceable mortgages or lines of credit), all payments made against the various principal amounts are pro-rated between the various amounts borrowed, and only the amounts pro-rated to the eligible indebtedness will be used to calculate the reduction in the amount of that eligible indebtedness.

An exception is provided where a purchaser dies during the year immediately following purchase of the property. In these cases, the qualifying financing may be reduced by an amount equal to the amount of life insurance proceeds that are payable and paid to reduce the qualifying financing.

3. Where the condition in either 1. or 2. is not met, a prorated exemption may be available.
4. If a purchaser applying for exemption/refund makes a false declaration with respect to whether they have either previously been on title to a residence in which they resided, or previously obtained a first time home buyers' exemption or refund, the Administrator will assess a penalty equal to the amount of the exemption or refund.

**Form Instructions**

1. Section A – Provide the Number of Purchasers Acquiring an Interest in the Property with this Transaction, regardless of whether or not they are claiming the exemption/refund. Each applicant for the exemption/refund must provide Birthdate, Social Insurance Number, tick the appropriate YES or NO box, and if YES, indicate the percentage of interest being acquired. If a purchaser is **not** applying for the First Time Home Buyers' Exemption/Refund, it is not necessary to provide Birthdate, Social Insurance Number or Previous Addresses.
2. Section B – Provide previous addresses for each applicant for the exemption/refund for a two year period. Add additional information on a separate sheet if there is not sufficient room on the tax return/application for refund.
3. Sections C and D (only on tax return) are identical to existing tax returns and there is no change in how these are completed.
4. Section E – Details of financing must be provided. If the purchaser does not have a mortgage term of at least one year they must pay the tax and claim a refund upon renewal of the mortgage term, prior to the first anniversary of the date of registration.

### Example 1

The property is all residential, less than 0.5 hectares, and acquired by two purchasers, only one of whom is eligible for the exemption/refund. Registration of title is to be as joint tenants, Fair Market Value is \$250,000.

#### F. PROPERTY TRANSFER TAX CALCULATION:

1. Fair market value of property		\$	<u>250,000   00</u>	F1
2. Tax at 1% of the first \$200,000 reported in line F1 and 2% on the remainder		\$	<u>3,000   00</u>	F2
3. If the size of the property is equal to or <b>less than 0.5 hectares</b> , and all of the improvements are classified as residential, the percentage interest in the property being acquired by eligible first time homebuyers claiming the exemption	<u>50</u> % X F2 \$ <u>3,000.00</u>	= \$	<u>1,500   00</u>	F3
4. If the size of the property is <b>larger than 0.5 hectares</b> , or if some of the improvements are not classified as residential, <u>complete section H</u> below				
PRINCIPAL RESIDENCE				
VALUE (H10)	\$ _____	X F2 \$ _____	= \$ _____	F4
FAIR MARKET VALUE (F1)	\$ _____			
5. If the fair market value of the entire property is greater than the applicable qualifying value (QV) (see condition 6 in the First Time Home Buyers' Instruction Guide), but less than the QV + \$25,000				
F3 or F4	\$ <u>1,500.00</u>	X $\frac{QV + 25,000 - F1}{25,000}$	= \$ _____	F5
6. PROPERTY TRANSFER TAX PAYABLE (F2 minus F5 (if completed) or F3 or F4)		\$	<u>1,500   00</u>	F6

### Example 2

The property is all residential, less than 0.5 hectares, and acquired by two purchasers, only one of whom is eligible for the exemption/refund. Registration of title is to be as joint tenants, Fair Market Value is \$295,000. The property is located within the Capital Regional District.

#### F. PROPERTY TRANSFER TAX CALCULATION:

1. Fair market value of property		\$	<u>295,000   00</u>	F1
2. Tax at 1% of the first \$200,000 reported in line F1 and 2% on the remainder		\$	<u>3,900   00</u>	F2
3. If the size of the property is equal to or <b>less than 0.5 hectares</b> , and all of the improvements are classified as residential, the percentage interest in the property being acquired by eligible first time homebuyers claiming the exemption	<u>50</u> % X F2 \$ <u>3,900.00</u>	= \$	<u>1,950   00</u>	F3
4. If the size of the property is <b>larger than 0.5 hectares</b> , or if some of the improvements are not classified as residential, <u>complete section H</u> below				
PRINCIPAL RESIDENCE				
VALUE (H10)	\$ _____	X F2 \$ _____	= \$ _____	F4
FAIR MARKET VALUE (F1)	\$ _____			
5. If the fair market value of the entire property is greater than the applicable qualifying value (QV) (see condition 6 in the First Time Home Buyers' Instruction Guide), but less than the QV + \$25,000				
F3 or F4	\$ <u>1,950.00</u>	X $\frac{QV + 25,000 - F1}{25,000}$	= \$ <u>390   00</u>	F5
6. PROPERTY TRANSFER TAX PAYABLE (F2 minus F5 (if completed) or F3 or F4)		\$	<u>3,510   00</u>	F6

### Example 3

The property is all residential, lot size is 3.9 hectares, the land is valued at \$125,000, the improvements at \$125,000 and is acquired by two purchasers, only one of who is eligible for the exemption/refund. Registration is to be as joint tenants.

#### H. PROPORTIONAL PRINCIPAL RESIDENCE CALCULATION:

Where the property is larger than 0.5 hectares, or the improvements are not entirely classified as residential, please complete this section.

1. Value of improvements	\$ <u>125,000   00</u>	H1	6. Value of improvements classified as residential	\$ <u>125,000   00</u>	H6
2. Value of land	\$ <u>125,000   00</u>	H2	7. Land value portion eligible (see below)	\$ <u>16,025   64</u>	H7
3. Fair market value of property (H1 plus H2 to equal F1)	\$ <u>250,000   00</u>	H3	8. Value of home and land (H6 plus H7)	\$ <u>141,025   64</u>	H8
4. Size of property in hectares (see conversion factors below)	<u>3   9</u>	H4	9. Total percentage ownership being transferred to first time home buyers claiming tax exemption	<u>50   00</u> %	H9
5. If property is larger than 0.5 hectares, then perform the following proportional land exemption calculation			10. Principal residence value (H9 % of H8)	\$ <u>70,512   82</u>	H10
	\$ <u>125,000   00</u>	divided by	<u>3   9</u>	times 0.5 =	\$ <u>16,025   64</u>
	(FROM H2)		(FROM H4)		(TO H7)

CONVERSION FACTORS	To convert from square feet to hectares, multiply by .0000093	0.5 hectares = 53,763 square feet
	To convert from acres to hectares divide by 2.471	0.5 hectares = 1.24 acres

### Example 3 (continued)

#### F. PROPERTY TRANSFER TAX CALCULATION:

1. Fair market value of property		\$	<u>250,000   00</u>	F1
2. Tax at 1% of the first \$200,000 reported in line F1 and 2% on the remainder		\$	<u>3,000   00</u>	F2
3. If the size of the property is equal to or <b>less than 0.5 hectares</b> , and all of the improvements are classified as residential, the percentage interest in the property being acquired by eligible first time homebuyers claiming the exemption				
	_____ % X F2 \$ _____	= \$	_____   _____	F3
4. If the size of the property is <b>larger than 0.5 hectares</b> , or if some of the improvements are not classified as residential, <u>complete section H</u> below				
PRINCIPAL RESIDENCE				
VALUE (H10)	\$ <u>70,512.82</u>	X F2 \$	<u>3,000.00</u>	= \$ <u>846   15</u> F4
FAIR MARKET VALUE (F1)	\$ <u>250,000.00</u>			
5. If the fair market value of the entire property is greater than the applicable qualifying value (QV) (see condition 6 in the First Time Home Buyers' Instruction Guide), but less than the QV + \$25,000				
F3 or F4	\$ _____ X $\frac{QV + 25,000 - F1}{25,000}$	= \$	_____   _____	F5
6. PROPERTY TRANSFER TAX PAYABLE (F2 minus F5 (if completed) or F3 or F4)		\$	<u>2,153   85</u>	F6

### Example 4

The property is all residential, lot size is 3.9 hectares, the land is valued at \$195,000, the improvements at \$100,000 and is acquired by two purchasers, only one of who is eligible for the exemption/refund. Registration is to be as joint tenants. The property is located within the Capital Regional District.

#### H. PROPORTIONAL PRINCIPAL RESIDENCE CALCULATION:

Where the property is larger than 0.5 hectares, or the improvements are not entirely classified as residential, please complete this section.

1. Value of improvements	\$ <u>100,000   00</u> H1	6. Value of improvements classified as residential	\$ <u>100,000   00</u> H6
2. Value of land	\$ <u>195,000   00</u> H2	7. Land value portion eligible (see below)	\$ <u>25,000   00</u> H7
3. Fair market value of property (H1 plus H2 to equal F1)	\$ <u>295,000   00</u> H3	8. Value of home and land (H6 plus H7)	\$ <u>125,000   00</u> H8
4. Size of property in hectares (see conversion factors below)	<u>3   9</u> H4	9. Total percentage ownership being transferred to first time home buyers claiming tax exemption	<u>50   00</u> % H9
5. If property is larger than 0.5 hectares, then perform the following proportional land exemption calculation		10. Principal residence value (H9 % of H8)	\$ <u>62,500   00</u> H10
	\$ <u>195,000   00</u> (FROM H2) divided by <u>3   9</u> (FROM H4) times 0.5 =		\$ <u>25,000   00</u> (TO H7)

CONVERSION FACTORS      To convert from square feet to hectares, multiply by .0000093      0.5 hectares = 53,763 square feet  
 To convert from acres      to hectares divide by 2.471      0.5 hectares = 1.24 acres

#### F. PROPERTY TRANSFER TAX CALCULATION:

1. Fair market value of property		\$	<u>295,000   00</u>	F1
2. Tax at 1% of the first \$200,000 reported in line F1 and 2% on the remainder		\$	<u>3,900   00</u>	F2
3. If the size of the property is equal to or <b>less than 0.5 hectares</b> , and all of the improvements are classified as residential, the percentage interest in the property being acquired by eligible first time homebuyers claiming the exemption				
	_____ % X F2 \$ _____	= \$	_____   _____	F3
4. If the size of the property is <b>larger than 0.5 hectares</b> , or if some of the improvements are not classified as residential, <u>complete section H</u> below				
PRINCIPAL RESIDENCE				
VALUE (H10)	\$ <u>62,500.00</u>	X F2 \$	<u>3,900.00</u>	= \$ <u>826   27</u> F4
FAIR MARKET VALUE (F1)	\$ <u>295,000.00</u>			
5. If the fair market value of the entire property is greater than the applicable qualifying value (QV) (see condition 6 in the First Time Home Buyers' Instruction Guide), but less than the QV + \$25,000				
F3 or F4	\$ <u>826.27</u> X $\frac{QV + 25,000 - F1}{25,000}$ <u>.20</u>	= \$	<u>165   25</u>	F5
6. PROPERTY TRANSFER TAX PAYABLE (F2 minus F5 (if completed) or F3 or F4)		\$	<u>3,734   75</u>	F6