

First Time Home Buyers' Program

Property Transfer Tax Act

Do you need to know if you are eligible for the property transfer tax exemption for first time home buyers?

Do you need to understand the requirements to remain eligible for this tax exemption after you purchase and register your property?

This bulletin provides specific tax information to help first time home buyers understand the eligibility requirements under the First Time Home Buyers' Program.

For general property transfer tax information, such as the types of transactions that are taxable, the rate of tax, what returns must be completed, and who must complete the return and pay the tax, please see [Bulletin PTT 001](#), *Property Transfer Tax*.

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Eligibility Requirements for the First Time Home Buyers' Program

The First Time Home Buyers' (FTHB) Program provides a property transfer tax exemption at the time title to property is transferred from one owner to an eligible first time home buyer. If you are purchasing your first home, you may qualify for this exemption if certain requirements are met. These requirements are outlined below.

Who Qualifies for the Exemption?

You qualify for the exemption if:

- you are a Canadian citizen, or a permanent resident as defined by the *Immigration and Refugee Protection Act* (Canada),
- you have lived in British Columbia for 12 consecutive months immediately before the date you register the property, or you have filed two 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 any time (a principal residence is defined as the usual place where an individual lives), and
- you have never received a first time home buyers' exemption or refund.

What Property Qualifies for the Full Exemption?

The property you purchase qualifies if:

- the fair market value of the property (land plus improvements) is not more than the current threshold of **\$425,000**,
- the land is 0.5 hectares (1.24 acres) or smaller, and
- the property will only be used as your principal residence.

The current threshold amount applies to purchases registered on, or after, February 20, 2008.

Partial Exemptions

You are eligible for a partial exemption from property transfer tax under certain circumstances.

If a portion of the improvements on your land is used for commercial purposes or there is a separate dwelling on your land, only the portion that is your principle residence is eligible for the property transfer tax exemption.

If your land is larger than 0.5 hectares, only your residential improvement and 0.5 hectares of the land are eligible for the property transfer tax exemption.

If your property has a fair market value of up to \$25,000 more than the threshold amount, your property is eligible for a partial property transfer tax exemption.

For more information and examples of how partial property transfer tax exemptions are calculated, please see the *Instructions for Completion of the First Time Home Buyers' Tax Return* ([FIN 269 Guide](#)).

How do I Apply for the Exemption or Refund?

You apply for the exemption by submitting a *First Time Home Buyers' Property Transfer Tax Return* ([FIN 269](#)) and other required land title documents when you register your property at the land title office. Generally, a lawyer or notary public registers your property and applies for the exemption on your behalf. The land title office then sends your application to the ministry to verify your eligibility.

Lawyer or Notary Public

If you are a lawyer or a notary public, you can either file a paper version of the *First Time Home Buyers' Property Transfer Tax Return* ([FIN 269](#)) at the land title office or file an electronic version. To order a paper supply of the FTHB property transfer tax return, please call 250 387-2183. You can file the electronic version if you have been approved to file electronic documents at the Land Title and Survey Authority (LTSA). For more information on electronic filing, please see the [LTSA website](#).

For assistance with filing the FTHB property transfer tax return, please see the *Instructions for Completion of the First Time Home Buyers' Tax Return* ([FIN 269 Guide](#)). For assistance with filing the electronic version of the FTHB property transfer tax return, please see page 5 of the guide or contact the ministry. When filing the electronic version of the return, you must also ensure that the original paper version (blue) of the FTHB property transfer tax return has been signed by the homebuyer and is retained by your firm.

Individual Homebuyer

If you apply for the exemption yourself, you can view a sample of the *First Time Home Buyers' Property Transfer Tax Return* ([FIN 269](#)) on the ministry's website. Most law firms and notaries have supplies of the tax return, or you can obtain one from any land title office or [Service BC Centre](#). For assistance with filing the FTHB property transfer tax return, please see the *Instructions for Completion of the First Time Home Buyers' Tax Return* ([FIN 269 Guide](#)). You file the completed tax return together with the appropriate land title forms at a land title office. You must ensure that you sign the FTHB property transfer tax return before submitting it.

For assistance with completing the FTHB tax return, please contact the ministry.

Refunds

If you meet all the eligibility criteria for the exemption at the time of registration at the land title office, but you do not apply for the exemption, you may apply for a refund.

If you do not qualify for the exemption at the time of registration only because you are not yet a permanent resident of Canada, you may apply for a refund if:

- you become a permanent resident of Canada within 12 months of the date your transfer is registered at the land title office, and
- you meet all the other eligibility criteria for the exemption at the time of registration.

You must apply for a refund within 18 months of the date your property transfer is registered at the land title office. To obtain a refund application form, please contact the ministry.

Penalty for False Declaration

To ensure you are eligible, your application for the exemption or refund is reviewed to verify eligibility.

If you apply for an exemption or a refund and make a false declaration, the ministry will deny your exemption application or refund. You will be assessed a penalty in addition to the tax payable if you falsely report either of the following:

- whether you previously owned an interest in a principal residence anywhere in the world at any time, or
- whether you previously obtained a FTHB tax exemption or refund.

The penalty is equal to the amount of the exemption or refund you claimed.

Requirements During the First Year the Property is Owned

Occupancy Requirement

You need to occupy your property within 92 days of the date you register the property at the land title office and continue to use the property as your principal residence for at least one year after you register the property.

The ministry will send you a letter at the end of the first year you own the property. The letter will ask you to confirm you are still residing on the property and that it is still your principal residence.

You may still qualify for a partial exemption if you move off the property before the end of the first year.

Exceptions

In the event that your death occurs before the end of the first year you own the property, the property transfer tax exemption will continue to apply. The exemption also continues to apply if your property is transferred to another owner as a result of a court order or a separation agreement.

Construction Requirement

If your land is vacant when you purchase the property, a principle residence needs to be built on the property within one year of the registration date, and you need to live on the property for the remainder of that year to receive the full tax exemption. The fair market value of the land, plus the cost of building any improvements on the land cannot exceed the current threshold amount of **\$425,000**. However, if your property has a fair market value of up to \$25,000 more than the threshold amount, your property is eligible for a partial property transfer tax exemption.

Need more info?

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

Telephone (Vancouver): 604 660-2421

Telephone (Victoria): 250 387-0604

Toll free in British Columbia: 1 800 663-7867 (request a transfer to 250 387-0604)

Fax: 250 953-3094

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 4, 5–13, 13.1, 13.2, 17, 18, and Regulations 1 and 2