

## Improvements Straddling More Than One Parcel of Land

### *Property Transfer Tax Act*

Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this bulletin dated June 2012. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how property transfer tax (PTT) applies when an improvement straddles two or more parcels of land.

For more information about 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, see [Bulletin PTT 001](#), *Property Transfer Tax*.

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### Overview

You pay PTT when you acquire an interest in land and register your interest at the land title office. You pay tax on the fair market value of the interest you acquire at the date of registration.

## Definitions

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**Fair Market Value** is the price that would be paid by a willing purchaser to a willing seller for a property (land and improvements) in the open market on the date of registration.

**Improvements** are building or structures on a property, such as houses, manufactured homes, modular homes, garages, sheds or other outbuildings, paving (i.e. driveways), utilities (i.e. a sewer), or timber.

**Related Individual** includes:

- your child (including step-child), grandchild, great-grandchild and their spouse
- your parent, grandparent, or great-grandparent
- your spouse and their child, parent, grandparent or great-grandparent

## Improvements Straddling More Than One Parcel

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When a building or other improvement straddles more than one parcel of land, the parcels are treated as a single parcel for the purposes of calculating fair market value if:

- each parcel is the subject of a taxable transaction, and
- the parcels are transferred to the same person, related individuals or associated corporations in:
  - a single transaction, or
  - multiple transactions within a six month period.

In these circumstances, transfers of parcels sharing a common improvement are treated as a single taxable transaction for PTT purposes. If the parcels are transferred in multiple transactions, the registration date for all the parcels is considered to be the date on which the first application for registration is filed in the land title office.

Examples of where an improvement is considered to straddle more than one parcel of land, include:

- a building or other structure that crosses the property line of two or more parcels,
- a building that is located on one parcel and has other improvements, such as water lines or sewer lines, located on the parcel next to it,
- a building that is located on one parcel and the driveway crosses the property line, or

- a parking lot that crosses the property lines of two or more parcels, with or without buildings on them.

## **Calculating the PTT Payable**

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If an improvement straddles more than one parcel of land, you pay PTT on the combined fair market value of all the parcels transferred.

### **Example**

You have a driveway that straddles two parcels of land.

#### **Step 1 - Determine the combined fair market value of both parcels**

Parcel A fair market value is     \$175,000

Parcel B fair market value is     \$200,000

Combined fair market value is   \$375,000

#### **Step 2 - Calculate the PTT payable on the combined fair market value**

You pay PTT at the rate of:

1% on the first \$200,000           \$2,000

2% on the remainder \$175,000   \$3,500

**Total PTT Payable                 \$5,500**

## **Filing the PTT Return**

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When you file your PTT return electronically through the land title office, the land title office may allow you to put more than one parcel identifier (PID) on their document (i.e. Form A). This means you can file one PTT return, include all the PIDs on this return, report the full fair market value and pay the PTT as a combined single transaction.

If the land title office requires you to submit more than one Form A (i.e. for each PID), you must file a PTT return for each Form A you submit. In this situation, you must combine the full fair market value of the parcels, report it on one of the PTT returns and pay the PTT as a combined single transaction. For the remaining PTT returns, enter a fair market value of \$0.01.

## **Need more info?**

Online: [gov.bc.ca/propertytransfertax](http://gov.bc.ca/propertytransfertax)

Email: [pttenq@gov.bc.ca](mailto:pttenq@gov.bc.ca)

Telephone: 250 387-0604 (Victoria)

Toll-free: 1 888 355-2700

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

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### **Latest Revision**

March 2016

- Added definitions for fair market value, improvements and related individuals
  - Updated the filing instructions
  - Expanded the improvement examples
  - Other minor revisions
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References: *Property Transfer Tax Act*, Section 1.3.