BRITISH COLUMBIA

June 29, 2026 Reference Number: RPPTA-0003

[redacted]

Attention: [redacted]

Dear [redacted]:

Re: Rulings Request on the application of the Residential Property (Short-Term Holding) Profit Tax Act (the "RPPTA") regarding the sale of [redacted] (the "Property").

Thank you for your ruling request on the application of the *Residential Property (Short-Term Holding) Profit Tax Act* (the "RPPTA") to the sale of a property inherited from an alter ego trust.

We have answered the following questions:

1. Is the Property a taxable property for the purposes of the RPPTA?

2. If the Property is a taxable property, has the property been held for more than 729 days when sold?

The following is our understanding of the facts, followed by our response to your request. Our responses to the facts and assumptions solely provide our views on how RPPTA would apply to the facts and transactions provided below.

FACTS

1. [redacted] (the "Deceased") purchased a property with the legal descriptions of [redacted] and [redacted] (the "Property").

2. The civic address of the Property is [redacted].

…/2

3. The Property is a “residential property”, within the meaning of the definition of residential property under s.1 of the RPPTA.

4. On [redacted], prior to his death, the Deceased transferred the beneficial interest of the Property into an alter ego trust (the “AE Trust”) and retained legal title through a bare trust (“BT1”) entered into on the same date.

5. Under BT1, the Deceased held and was the owner of the legal title personally (the “BT1 Trustee”).

6. The Deceased died on [redacted].

7. Upon the death of the Deceased, two of the Deceased’s children, [redacted] (“[redacted]”) and [redacted] (“[redacted]”) became the trustees of the AE Trust (the “AE Trustees”) and executors of his estate (the “Executors”).

8. Also, upon the death of the Deceased and pursuant to the BT1 agreement, the Executors were to take the Deceased’s place as the BT1 Trustee (the “BT1 Trustees”). The legal title of the Property is held in the Executors’ names as executors of the Deceased’s estate.

9. On [redacted], the Executors received a grant of probate for the estate of the deceased.

10. On [redacted], the Executors were registered as the owners in fee simple for the Property.

11. The value of the beneficial interest in the Property had decreased by the time the grant of probate was issued. When the Executors received legal title of the Property, the BT1 Trustees were able to sell the Property at the direction of the AE Trustees. The AE Trustees had a fiduciary duty to the beneficiaries of the AE Trust and desired to maximize the value of the assets. Therefore, based on the advice of various realtors that were consulted, the AE Trustees decided to retain the beneficial interest in the Property in the AE Trust and sell the Property at a later time in the hopes that the beneficial interest in the Property would increase in value.

12. While waiting for the value of the Property to increase in value, in [redacted], the Executors, as the BT1 Trustees, entered into a residential tenancy agreement as landlords to arm’s length tenants (the “Tenants”) in order to maximize the value of the assets of the AE Trust. The Tenants continue to occupy the Property.

13. The beneficial ownership of the Property was distributed by the AE Trustees from the AE Trust to [redacted] as a beneficiary on [redacted]. The legal ownership of the Property remained with the Executors.

14. Since legal title to the Property was not conveyed to [redacted] but remained with the Executors, [redacted] and the Executors entered into a bare trust agreement ("BT2") on [redacted], with the Executors as the trustees (the "BT2 Trustees"). BT2 holds the Property for the benefit of the beneficiary, [redacted].

15. The terms of the AE Trust required the AE Trust to be wound up within [redacted] of the date of death of the Deceased, and the AE Trust was wound up by [redacted].

16. In [redacted], the Tenants expressed interest in buying the Property. [redacted] as beneficiary has directed the BT2 Trustees to sell the Property to the Tenants for [redacted].

17. The BT2 Trustees would like to complete the sale of the Property to the Tenants as soon as possible.

18. [redacted] will be on the purchase and sale agreement as the BT2 Trustees and not as Executors.

RULING RESPONSE

1. *Is the Property a taxable property for the purposes of the RPPTA?*

A property is a taxable property under the RPPTA, if the taxpayer has:

- a beneficial interest in residential property; or
- a right to acquire a beneficial interest in residential property.

The interest held by [redacted] in the Property is a beneficial interest, which is stated to be a residential property in the facts provided. Therefore, the Property is a taxable property.

2. *If the Property is a taxable property, has the property been held for more than 729 days when sold?*

Based on the facts provided, the Property was initially transferred from the Deceased to the AE Trust on [redacted], and distributed to [redacted] by the AE Trust on [redacted]. Dispose means the sale of a taxable property in exchange for consideration in money or in kind. In this case, the distribution of the Property for no consideration by the AE Trust would not be considered a "disposition" under the RPPTA. [redacted] would be deemed to have acquired the beneficial interest at the same time the Deceased did under section 4(4) of the RPPTA for the purpose of counting [redacted] days of ownership of the taxable property.

After [redacted] acquired the beneficial interest in the Property from the AE Trust, the registered legal interest in the Property was transferred to BT2, a bare trust with [redacted] as the sole beneficiary. Under the bare trust agreement, [redacted] has the ability to direct the BT2 Trustees in their management of the Property. The BT2 Trustees cannot manage the property on their own without the direction of [redacted]. [redacted] beneficial interest and ability to decide what happens with the Property has not changed from when [redacted] received the beneficial interest from the AE Trust, even though legal title is held in BT2. Since BT2 will dispose of the Property, section 3 of the RPPTA would ordinarily apply, and BT2 would be deemed a person subject to tax under the RPPTA in respect of the disposition. Due to [redacted] settling the property into BT2 and retaining sole beneficial interest, as well as his ability to direct the BT2 Trustees, for the purposes of section 3(2) of the RPPTA the context requires that the usual trust rules are disapplied.

As the context requires that the usual trust rules in section 3(2) are disapplied for this transaction, for determining the holding period of the Property under the RPPTA, [redacted] has held the Property since the date the Deceased acquired the Property, which was prior to [redacted]. Therefore, since the beneficial interest in the Property has been held for more than 729 days, when the Property is disposed, neither BT2 nor [redacted] will be subject to the BC home flipping tax or required to file a tax return.

This document applies to the taxpayer and in the circumstances described.
It states the Ministry's views at the time it was written and may not be updated to reflect changes in the law, jurisprudence or subsequent interpretive positions. Seemingly minor differences in facts and circumstances might result in a materially different conclusion.

Please be advised that a redacted version of this ruling with identifiable features removed will be posted to our website.

We trust that the above comments are of assistance.

Yours truly,

original signed

Mark Gunther, CPA, CA
Director, Income Tax Advisory and Intergovernmental Relations
Income Taxation Branch