

# Ministry of Finance

## Tax Bulletin



ISSUED: January 2000 REVISED: February 2018

Bulletin PTT 001

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

## Property Transfer Tax

### *Property Transfer Tax Act*

---

Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated November 2017. For a summary of the changes, see *Latest Revision* at the end of this document.

---

This bulletin explains the property transfer tax (PTT) and how it applies when you acquire an interest in real property.

For information on property transfer tax exemptions, visit our [Exemptions](#) webpage.

### Table of Contents

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

## What is PTT

---

PTT is a registration tax 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 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, visit our [Exemptions](#) webpage.

**Note:** PTT is different than the annual property taxes 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 either:

- Acquire a registered interest in a property
- Gain a greater (additional) registered interest in a property
- 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
- Crown grants

For each taxable transaction registered at the land title office, you or your legal professional, such as a lawyer or notary public, must complete and file a property transfer tax return. See our website for information on how to [file a property transfer tax return](#).

## 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 2018 BC Assessment value is based on market values as of July 1, 2017. 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
- Timber

## Calculating PTT

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

- 1% on the first \$200,000
- 2% on the portion of the fair market value greater than \$200,000 and up to and including \$2,000,000
- 3% on the portion of the fair market value greater than \$2,000,000
- a further 2% on the portion of the fair market value greater than \$3,000,000, if the property is residential. If the property is classified as residential and farm, or mixed residential class (such as commercial and residential), you calculate the further 2% tax on only the residential portion of the property.

### 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**

### **Example 3 – Fair Market Value \$2,500,000**

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

Plus 2% on portion greater than \$200,000 and up to and including \$2,000,000  
= (\$2,000,000 – \$200,000) X 2%  
= \$1,800,000 X 2%  
= \$36,000

Plus 3% on the portion greater than \$2,000,000  
= (\$2,500,000 – 2,000,000) X 3%  
= \$500,000 X 3%  
= \$15,000

**The PTT payable is \$2,000 + \$36,000 + \$15,000 = \$53,000**

### **Example 4 – Fair Market Value \$4,500,000 (property classified entirely as residential)**

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

Plus 2% on portion greater than \$200,000 and up to and including \$2,000,000  
= (\$2,000,000 – \$200,000) X 2%  
= \$1,800,000 X 2%  
= \$36,000

Plus 3% on portion greater than \$2,000,000  
= (\$4,500,000 – 2,000,000) X 3%  
= \$2,500,000 X 3%  
= \$75,000

Plus a further 2% on the portion greater than \$3,000,000  
= (4,500,000 - \$3,000,000) X 2 %  
= 1,500,000 X 2%  
= \$30,000

**The PTT payable is \$2,000 + \$36,000 + \$75,000 + \$30,000 = \$143,000**

To find out how to calculate the further 2% in other scenarios, including mixed class properties, see our [Property Transfer Tax Calculator for Residential Property over \\$3,000,000](#).

## Need more info?

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

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

Telephone: 236-478-1593 (Victoria)

Toll free: 1-888-841-0090

**Subscribe** to receive email notifications when B.C. tax information is updated.

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

---

### Latest Revision

February 2018

- The following change is proposed in Budget 2018. The change is effective February 21, 2018, subject to Bill 2 – *Budget Measures Implementation Act, 2018* receiving royal assent.
  - Residential properties with a fair market value greater than \$3,000,000 are subject to a further 2% property transfer tax.

---

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