

# Ministry of Finance

## Tax Bulletin



ISSUED: January 2000 REVISED: May 2006

Bulletin PTT 018

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

## Application of the Act to Sales of Crown Land

### *Property Transfer Tax Act*

This bulletin outlines application of the tax to sales of Crown land.

Sales of Crown land by way of Crown Grant are subject to tax on the fair market value of the land being purchased.

**Please note:** This bulletin replaces Information Bulletins 2-87 and 5-95.

### Table of Contents

What is Fair Market Value?.....	1
Registered Ownership of Land .....	1
What is the Fee Simple Interest in the Land? .....	2
Application of Tax .....	2
Payment of Tax Due.....	2

### What is Fair Market Value?

Fair market value is the amount that would have been paid for the fee simple interest in the land being acquired had it been sold, at the date of registration of the transfer in the land title office, in the open market by a willing seller to a willing buyer.

### Registered Ownership of Land

The registered owner of land, for example the Crown, is the registered owner of both the land and the improvements located on the land, regardless of who constructed the improvements.

## **What is the Fee Simple Interest in the Land?**

---

The fee simple interest in the land being acquired by the purchaser includes the land and all buildings located on the land, whether or not the purchaser is paying the vendor for those improvements.

## **Application of Tax**

---

When Crown land is sold, registered ownership of the land and all improvements on the land is transferred. Tax is due and payable on the fair market value of the land and the improvements, whether or not the purchaser was the previous lessee of the property.

## **Payment of Tax Due**

---

### **Transfers Submitted for Registration by the Crown**

Each application for registration of a transfer submitted directly to the land title office by the Crown will be accompanied by a letter stating that payment of the tax due on the transfer will be obtained directly from the purchaser by the Property Transfer Tax office.

In these cases, once the transfer has been processed, the Property Transfer Tax office will provide the purchaser with the details of the tax due and a copy of a *General Property Transfer Tax Return* to complete and return together with payment of the tax due.

### **Transfers Submitted for Registration by the Purchaser, or the Purchaser's Lawyer, Notary Public or Agent**

Where application for registration of a transfer is submitted to the land title office by either the purchaser or the purchaser's lawyer, notary public or agent, a completed *General Property Transfer Tax Return* and payment of the tax due must be submitted to the land title office at the same time.

The tax due must be calculated and paid based on the fair market value of the land and all improvements on the land, whether or not the purchaser is paying the Crown for the improvements.

 **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.