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Exemptions for the Transfer of a Recreational Residence

Property Transfer Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated May 2015. 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 a recreational residence is transferred between related individuals and how to claim the exemptions.

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

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Overview

When a **related individual** transfers a **recreational residence** or an interest in a recreational residence to you, you may be exempt from paying PTT.

A **related individual** includes:

- Your spouse, child, grandchild, great-grandchild, parent, grandparent or great-grandparent
- The spouse of your child, grandchild or great-grandchild
- The child, parent, grandparent or great-grandparent of your spouse

Note: Child includes a stepchild.

Your spouse is either:

- A person who you are married to
- A person who you are living and cohabitating with in a marriage-like relationship, provided that you have been living and cohabitating in that relationship for a continuous period of at least two years. This includes a marriage-like relationship between people of the same gender.

Note: Your sister, brother, uncle, aunt, niece or nephew is **not** considered to be a related individual. This means, for example, that you are required to pay PTT if your brother or sister transfers a recreational residence to you.

A property is considered to be a **recreational residence** if it meets the following four criteria:

1. Before the transfer, the person transferring the property to you (the transferor) usually resided on the property on a seasonal basis for recreational purposes
Note: When a trustee is involved in a transfer, the trustee becomes the transferor and this requirement applies instead to the settlor or the deceased.
2. The property is classified as residential by BC Assessment, including the land and any improvements on the land (e.g. buildings)
3. The land is 5 hectares (12.36 acres) or smaller
4. The property has a fair market value of \$275,000 or less

Note: To qualify for an exemption from PTT, the entire property must meet the above requirements, regardless of the interest you are acquiring in the property. For example, the property you are acquiring an interest in has a fair market value of \$500,000, but your interest in the property is 50% (\$250,000). In this case, you do not qualify for the exemption because the fair market value of the entire property exceeds \$275,000.

For more information on determining fair market value, see [Bulletin PTT 001](#), *Property Transfer Tax*.

Transfers to Two or More People

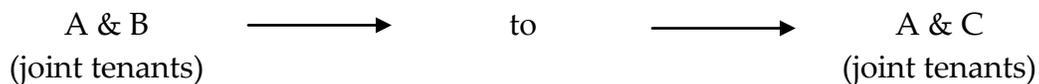
If a recreational residence is transferred to two or more people who are not all related individuals of the transferor, the exemption applies only to the interest acquired by the people who are related individuals of the transferor. For example, your mother transfers her recreational residence jointly to you and your fiancé, but you are not living

in a common-law spousal relationship. The exemption applies only to the 50% interest acquired by you because your fiancé is not considered to be a related individual.

Net Interest Passing

If registered title to a property is held in joint tenancy, and one of the owners transfers their interest to a related individual, the ministry determines eligibility for the exemption based only on the partial interest being transferred (i.e. the net interest passing).

For example, A and B own a property as joint tenants and wish to transfer B's interest to C so that A and C will own the property as joint tenants.



A's interest in the property does not change as a result of the transfer. Therefore, the ministry determines whether C is exempt from paying PTT based on the transfer of the net interest (50%) in the property passing from B to C. This means that C may qualify for an exemption if B and C are related individuals.

Exemptions

The criteria for an exemption from PTT depend on the circumstances of the transfer.

Transfers Not Involving a Trustee

When a related individual transfers a recreational residence or an interest in a recreational residence to you, you do not pay PTT if you meet the following two criteria:

1. You are a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*
2. A trustee is not involved in the transfer

To claim this exemption, select or enter code 06 on the [property transfer tax return](#).

Transfers through Estates or Trusts under Wills

When you receive a recreational residence or an interest in a recreational residence through the estate of a deceased, or a trust set up under the will of a deceased, you do not pay PTT if you meet the following five criteria:

1. You are a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*

2. The transferor is registered at the land title office as a trustee of the property being transferred
3. The transferor is a trustee of the deceased's estate or a trust set up under the deceased's will
4. You are a beneficiary of the estate or trust
5. You and the deceased were related individuals at the time of his or her death

Only one recreational residence may be transferred from a deceased's estate or a trust set up under the deceased's will exempt from tax.

To claim this exemption, select or enter code 06 on the [property transfer tax return](#).

Transfers through Trusts Settled During the Lifetime of the Settlor

The settlor is the person who gave the property that is being transferred to the trust estate, or gave assets to the trust estate to acquire property. The settlor does not have to be the creator of the trust.

When you receive a recreational residence or an interest in a recreational residence through a trust during the lifetime of the settlor, you do not pay PTT if you meet the following four criteria:

1. You are a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act* (Canada)
2. The transferor is registered at the land title office as a trustee of the property being transferred
3. You are a beneficiary of the trust
4. You and the settlor of the trust are related individuals

Only one recreational residence may be transferred from a trust exempt from tax.

To claim this exemption, select or enter code 06 on the [property transfer tax return](#).

Need more info?

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

Latest Revision

November 2017

- Removed references to the previous paper property transfer tax returns
 - Other minor revisions
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References: *Property Transfer Tax Act*, Sections 1, 14(1), 14(3)(a)(ii), (c), (d) and (e).