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Exemptions for Transferring a Family Farm

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 the requirements for claiming an exemption from the property transfer tax (PTT) when transferring a family farm.

For information on the requirements for claiming an exemption from PTT when transferring to and from a family farm corporation, see [Bulletin PTT 009](#), *Exemptions for Transfers to and from a Family Farm Corporation*.

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Definitions

Family Farm

A family farm is farm land that is used, owned and farmed by any of the following:

- An individual
- A family member
- A family farm corporation

Note: This definition does not apply to farm land transferred through an estate or a trust under a will, or a living trust. For more information on these transfers, see *Transfers Through Estates or Trusts Under Wills*, and *Transfers Through a Living Trust* below.

The land must meet specific requirements under the [Assessment Act](#), and must be classified as farm land by [BC Assessment](#).

Family Member

A family member includes:

- Your child, grandchild, great-grandchild and their spouse
- Your parent, grandparent and great-grandparent
- Your brother, sister, cousin, niece, nephew, aunt, uncle and their spouse
- Your spouse as well as their child, parent, grandparent, great-grandparent, brother, sister, cousin, niece, nephew, aunt and uncle

Related Individual

A related individual includes:

- Your child, grandchild, great-grandchild and their spouse
- Your parent, grandparent and great-grandparent
- Your spouse and their child, parent, grandparent and great-grandparent

Note: Although the people on this list are also family members, only certain family members are related individuals. A child includes a stepchild and a stepchild is a related individual.

Spouse

A person can be your spouse by marriage, or by a common-law relationship by living together with you for at least two years in a marriage-like relationship.

Transfers

You can transfer family farms exempt of tax in the following ways:

- Directly to an eligible person (no trustee)
- Through an estate or trust under a will
- Through a living trust

If a transfer is through a trustee, the trustee must be registered as a trustee on the title to the property.

You can transfer the family farm exempt of tax only if you meet both of the following conditions:

- The farm meets the definition of a family farm
- The farm is transferred to eligible people

Eligible people must be Canadian citizens or permanent residents as defined in the *Immigration and Refugee Protection Act* (Canada).

Depending on the way the farm is transferred, additional conditions may need to be met as well.

Direct Transfers

You can transfer your family farm exempt of tax directly to a related individual, to your sibling or a spouse of your sibling.

For example, Mary is the registered owner of farm land that is farmed by her son and her nephew. Mary, her son and her nephew are all family members. Mary and her son are related individuals, while Mary and her nephew are not related individuals. Mary can transfer the farm to her son exempt of tax because they are related individuals and the farm is being used, owned and farmed by family members.

If Mary transfers the farm land to her nephew, the transfer is taxable because even though the farm is being used, owned and farmed by family members, Mary and her nephew are not related individuals.

If Mary transfers the farm to her son and nephew jointly, only the portion of the transaction to her son is eligible for the exemption.

Transfers Through Estates or Trusts under Wills

These types of transfers occur after the person who owns the family farm dies.

The executor of the estate, or a trustee of a registered trust established under the will, can transfer the title of a family farm exempt of tax if you meet both of these additional conditions:

- The farm land being transferred was the deceased's family farm and immediately before death, the land was owned by the deceased and was used and farmed by the deceased, a family member of the deceased or a family farm corporation that, at the time of death, was comprised of shareholders each of whom was a related individual of the deceased, a sibling of the deceased, or a spouse of a sibling of the deceased
- The family farm is transferred to a beneficiary of the deceased's estate or trust who, at the time of death, was a related individual of the deceased, a sibling of the deceased, or a spouse of a sibling of the deceased

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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 14(1), 14(3)(a), 14(3)(c.2) and 14(3)(d.2).