Ministry of Finance
Tax Bulletin

BRITISH COLUMBIA

Amalgamations Under the *Societies Act*

Under Division 1 of Part 7 of the *Societies Act*, after a *Certificate of Incorporation* is issued to an amalgamated society, the predecessor societies are dissolved and all property of those societies passes to the new society. Under this same provision, land registered under the *Land Title Act* in the name of the predecessor societies must be registered in the name of the new society.

Exemption Requirements

Although any application made under the *Land Title Act* as the result of an amalgamation is a taxable transaction, exemptions are provided under sections 14(4)(u) and 14(4)(w) of the *Property Transfer Tax Act* if:

- there has been a corporate amalgamation under the statutory amalgamation provisions of a federal (Canadian) or provincial corporate statute, or

- there has been an amalgamation of BC societies under Division 1 of Part 7 of the *Societies Act*.

For corporate amalgamations, the exemption is based on the corporate law of the jurisdiction under which the predecessor corporations are amalgamated.

The exemption is allowed if the corporate law in the jurisdiction provides that the predecessor corporations involved in the amalgamation continue into the amalgamated corporation and that all of the property, interests, rights and liabilities of the predecessor corporations become those of the amalgamated corporation.

If the corporate law provides that the predecessor corporations involved in the amalgamation cease to exist or a new corporation is formed on the amalgamation, or both, then the corporation making the application for a change in the legal name will **not** be entitled to the exemption.

For example, if a transaction involves the winding up of one corporation into another corporation, and the predecessor corporation does not continue into the amalgamated corporation or is dissolved, then the exemption is not allowed.

Also, a simple delay in the dissolution of a corporation following a windup will not alter the fact that the predecessor corporation has not continued into the amalgamated corporation, and the exemption will not be allowed.

For amalgamating BC societies, the exemption is based on the *Societies Act*. An exemption is allowed if the amalgamating societies demonstrate that the requirements of Division 1 of Part 7 of the *Societies Act* are met.

Determining Eligibility

Amalgamating corporations or BC societies may be eligible for the exemption under the following circumstances.

A corporation must demonstrate that the amalgamation was effected under Division 3 of Part 9 of the *British Columbia Business Corporations Act*, under sections 181 to 186 of the *Canada Business Corporations Act* (Canada), or under similar statutory amalgamation provisions of a federal or provincial corporate statute. Only amalgamations effected under a Canadian statute are eligible for the exemption.

We must also receive evidence that the predecessor corporations continue into the amalgamated corporation. If this criteria is not met, regardless of whether or not there was a change in economic interest, or that the transactions were exempt from income tax, the amalgamation exemption will not apply.

A society must demonstrate that the amalgamation was effected under Division 1 of Part 7 of the *Societies Act*. An amalgamation of societies affected under another statute is not eligible for the exemption.

Claiming the Exemption

To determine the eligibility of an amalgamation for the exemption, we may require some or all of the following documents (or their equivalent):

- The amalgamation agreement
- The articles of amalgamation
- Any court order approving the amalgamation
- A *Certificate of Amalgamation* issued by the applicable corporate registry

We may also request additional documentation not listed above.

Attach a copy of all supporting documents to the Property Transfer Tax Return.

If you are filing multiple returns due to an amalgamation, it is only necessary to attach one copy of the supporting documents to one of the returns. Reference the return with the documents attached on all other returns submitted relating to that amalgamation.

If you are claiming either of these exemptions, select or enter code 38 on the property transfer tax return.

ⓘ Need more info?

Online: **gov.bc.ca/propertytransfertax**
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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
May 2018
- Corrected the *Society Act* to the *Societies Act* and updated the applicable references to this Act.