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Pre-sold Strata Units

Property Transfer Tax Act

Latest Revision: *This bulletin has been rewritten and replaces the previous version dated October 2004. For a summary of the key changes, see Latest Revision at the end of this document.*

This bulletin explains how property transfer tax applies to purchases of residential or commercial pre-sold strata units.

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What is a Pre-sold Strata Unit?

A strata unit is pre-sold only when a person signs a written agreement to purchase or otherwise acquire a registerable interest in the unit before the developer deposits the strata plan at the land title office.

Under the *Strata Property Act*, developers can only deposit a strata plan once the strata complex is sufficiently completed so that individual units can be surveyed. This usually occurs shortly before the building is ready to be occupied.

How Does Tax Apply to Fee Simple Transfers?

Most pre-sold strata units are transferred in an arm's length sale in the open market. For these types of transfers, the purchaser pays tax on the total consideration paid, which includes the cost of any upgrades.

By basing the tax on the total consideration paid, rather than the potentially unknown fair market value at the time of registration, purchasers have more certainty over how much tax they will owe. This policy also allows purchasers to be certain if they will qualify for exemptions, such as the First Time Home Buyers exemption.

Assigning a Right to Purchase

If the purchaser of a pre-sold strata unit sells or assigns their right to purchase to another person before the strata plan is deposited at the land title office, the tax due is calculated on the total consideration paid by the person who registers the transfer. Total consideration paid includes any additional amounts paid to obtain the right to purchase that unit from another person.

In all cases, the first person to register the transfer at the land title office after the developer has deposited a strata plan is the person who is subject to the property transfer tax.

Non-arm's Length Transfers

If the transfer of a strata unit is a non-arm's length transaction, the purchaser must pay tax based on the total consideration that would have been paid for the unit if the transaction had been between arm's length parties in the open market. The administrator will determine this amount for any non-arm's length transaction.

How Does Tax Apply to Other Types of Transfers?

Generally, tax on long-term leases, life estates and agreements for sale is based, in part, on the fair market value of the property on the day the interest is registered with the land title office.

For pre-sold strata units, the fair market value of the unit is the amount that the administrator determines an arm's length purchaser would have paid for the unit on the day the lease, life estate, or agreement was signed. The fair market value determined by the administrator will be used to calculate tax payable.

Information for Purchasers

Effective January 2019, information about pre-sold strata assignments are captured in the [Condo and Strata Assignment Integrity Register \(CSAIR\)](#). Developers are responsible for collecting and reporting information about each assignment in the register.

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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

October 2018

- Information for purchasers revised to add the Condo and Strata Assignment Integrity Register
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