

Ministry of Finance

Tax Bulletin



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Bulletin PTT 003

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Property Transfer Tax Exemptions

Property Transfer Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated November 2017. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides specific information to help taxpayers understand some of the property transfer tax (PTT) exemptions available under the *Property Transfer Tax Act*.

For general property transfer tax 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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Transfers Involving Joint Tenants and Tenants in Common

Transfers to Change a Joint Tenancy to a Tenancy in Common

A transfer made to change a joint tenancy to a tenancy in common qualifies for exemption if:

- the owners before and after the transfer are the same, and
- after the transfer, each owner continues to hold an equal interest in the property.

To claim this exemption, select or enter code 16 on the [property transfer tax return](#).

Transfers to Change a Tenancy in Common to a Joint Tenancy

A transfer made to change a tenancy in common to a joint tenancy qualifies for exemption if:

- the owners before and after the transfer are the same, and
- there is no change in the ownership interest held by each owner.

To claim this exemption, select or enter code 16 on the [property transfer tax return](#).

Transfers to the Survivor of a Joint Tenancy

A transfer to the survivor(s) of a joint tenancy as a result of the death of a joint tenant qualifies for exemption.

To claim this exemption, select or enter code 08 on the [property transfer tax return](#).

Transfers Involving an Agreement for Sale

For PTT purposes, an agreement for sale is a binding contract for the sale of an interest in property in which the vendor and the purchaser agree that:

- the purchaser will have possession of the property,
- the purchaser will pay the purchase price over time as set out in the contract, and
- the vendor will transfer the interest in the property to the purchaser when the purchase price is paid in full.

PTT is payable on the fair market value of the interest in the property when the agreement for sale is registered at the land title office. When a transfer is made **after** registration of the agreement for sale, an exemption may apply as set out below.

Transfer to a Purchaser or Assignee

A transfer of property to the purchaser, or assignee of the purchaser, under a registered agreement for sale qualifies for exemption from PTT, provided PTT was paid when the agreement for sale, or the assignment of the agreement for sale, was registered at the land title office.

To claim this exemption, select or enter code 14 on the [property transfer tax return](#).

Transfer of a Vendor's Interest

A transfer of a vendor's interest under a registered agreement for sale qualifies for exemption from PTT, provided the transferee is not the purchaser under the agreement for sale.

To claim this exemption, select or enter code 13 on the [property transfer tax return](#).

Cancellation of Agreement for Sale

A transfer arising from the cancellation of an agreement for sale (e.g. by court order or quit claim) qualifies for exemption, provided the transferee is the original vendor under the agreement for sale.

To claim this exemption, select or enter code 30 on the [property transfer tax return](#).

Transfers Following Bankruptcy

A transfer arising from an owner's bankruptcy qualifies for exemption if the property forms part of the bankrupt's estate and the transfer is:

- To the trustee in bankruptcy
- From the trustee in bankruptcy back to the bankrupt:
 - If no consideration is paid, a full exemption applies.
 - If consideration is paid, the full exemption applies if the property was the principal residence of the bankrupt immediately before the bankruptcy and the property is not greater than 0.5 hectares (1.24 acres). If the property is greater than 0.5 hectares, a partial exemption may be available (see [Part H of the Property Transfer Return Guide](#) to find out how proportional rules apply).
- From the trustee in bankruptcy to the spouse or former spouse of the bankrupt:
 - The full exemption applies if the property was the bankrupt's principal residence immediately before bankruptcy and the property is not greater than 0.5 hectares. If the property is greater than 0.5 hectares, a partial exemption may be available (see [Part H of the Property Transfer Return Guide](#) to find out

how proportional rules apply). These rules apply whether or not consideration is paid.

To claim this exemption, select or enter code 12 on the [property transfer tax return](#).

Transfers Resulting from Marriage Breakdown

A transfer to a spouse or former spouse under a written separation agreement, or court order under the *Family Law Act*, qualifies for exemption. A spouse is defined as a person who is:

- married to another person, or
- living with another person in a marriage-like relationship, and has been living in that relationship for a continuous period of at least 2 years.

To qualify, the spouse must also be a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act* (Canada). The exemption does not apply if the transfer is to a corporation or third party.

To claim this exemption, select or enter code 15 on the [property transfer tax return](#) and attach a copy of the signed separation agreement or court order or divorce decree to the return.

Transfers to Registered Charities

A transfer of property to a registered charity qualifies for exemption if:

- the charity meets the definition of a registered charity under section 248(1) of the *Income Tax Act* (Canada), and
- the property will be used for a charitable purpose.

To claim this exemption, select or enter code 22 on the [property transfer tax return](#) and enter the charity's income tax registration number in section G2 of the return.

Transfers Under the *Veterans' Land Act* (Canada)

A transfer of property from the director of the *Veterans' Land Act* (Canada) to a veteran, or to the spouse, widow or widower of a veteran, qualifies for exemption.

To claim this exemption, select or enter code 32 on the [property transfer tax return](#).

Transfers Where Property Escheats, Reverts or Forfeits to the Crown, or Where the Property is Returned

Property escheats, or is transferred, to the Crown (i.e. the Province of British Columbia) when there is no one to claim the estate of a deceased owner or a corporate owner has been struck from the Company Registry. Property may revert to the Crown under a Crown grant that includes a reversion clause. For example, a Crown grant may have a condition that the property be used for a certain purpose otherwise ownership of the property will revert to the Crown. Property may be forfeited to, or taken by, the Crown because of an error, offence or fault of the property owner.

A transfer where property escheats, reverts or forfeits to the Crown qualifies for exemption. The exemption includes the transfer of the property from the Crown back to the original owner at any time. However, a transfer to anyone other than the original owner is not eligible for the exemption.

To claim this exemption, select or enter code 19 on the [property transfer tax return](#).

Transfers to Municipalities and Other Local Governments

A transfer of property to any of the following bodies is exempt from PTT:

- A regional district
- A municipality
- An improvement district
- The Okanagan Basin Water Board
- The Islands Trust
- A board of school trustees (as defined in the *School Act*)
- A water users' community (as defined in the *Water Act*)
- A francophone education authority (as defined in the *School Act*)
- A regional hospital district
- A library board (as defined in the *Library Act*)
- A greater board (as defined in the *Community Charter*)
- Any board incorporated by letters patent that provides services similar to those provided by a greater board

To claim this exemption, select or enter code 20 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

February 2018

- The following change is proposed in Budget 2018. The change is effective February 21, 2018, subject to Bill 2 – *Budget Measures Implementation Act, 2018* receiving royal assent.
 - The exemption for transfers following bankruptcy is expanded to allow the exemption on transfers where consideration is paid as long as the transfer is to the bankrupt or the spouse or former spouse of the bankrupt and the property was their principal residence immediately before the bankruptcy. A partial exemption applies to properties greater than 0.5 hectares (1.24 acres).