

MacLean, Shelley FIN:EX

From: Symes, Elan C FIN:EX
Sent: Friday, July 22, 2016 6:43 PM
To: Mentzelopoulos, Athana FIN:EX
Subject: Fw: Info Sheet
Attachments: Information Sheet 2016-006 22 July 2016.docx; Email to Lawyers and Notaries.docx

There is a minor edit required around the penalties to say "is subject to" or something similar as we can't be definitive about court imposed penalties.

Password to follow.

From: Luzzi, Kristina M FIN:EX
Sent: Friday, July 22, 2016 6:01 PM
To: Symes, Elan C FIN:EX
Subject: Info Sheet

Approved by Hilary and Steven. Hopefully the new 3rd page hits the right notes. If you have no changes, I'll send a copy to Jamie as per his request.

Outreach email to industry

Form and web are being finalized and will come separately.

Kristina

Ministry of Finance

Tax Information Sheet



ISSUED: July 2016

Information Sheet 2016-006

gov.bc.ca/propertytransfertax

Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District

Property Transfer Tax Act

Effective August 2, 2016, an additional property transfer tax applies to residential property transfers to foreign entities in the Greater Vancouver Regional District.

The Greater Vancouver Regional District includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and Township, Lion's Bay, Maple Ridge, New Westminster, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A. The additional tax does not apply to properties located on Tsawwassen First Nation lands.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

Foreign Entities

Foreign entities are transferees that are foreign nationals, foreign corporations or taxable trustees.

Foreign nationals are transferees who are not Canadian citizens or permanent residents, including stateless persons.

Foreign corporations are transferees that are corporations:

- not incorporated in Canada or
- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation.

Applying the Additional Tax

The additional tax on property transfers to foreign entities is 15% of the fair market value of the foreign entity's proportionate share of a residential property located in whole or in part in the Greater Vancouver Regional District, excluding Tsawwassen First Nation lands. This tax applies in addition to the general property transfer tax.

The additional tax does not apply to non-residential property. The value of the residential portion of a transfer is calculated in the same way as for the property transfer tax.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes transactions such as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

The additional tax does not apply to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.

Filing and Paying the Additional Tax

Filing the Return

Foreign entities registering a transfer, or their legal representative, must file an *Additional Property Transfer Tax Return (FIN 532)*. The return must be filed at the time the property transfer is registered with the Land Title Office. Filing instruction can be found on the return, or at gov.bc.ca/propertytransfertax on the **File Your Taxes** page.

Paying the Additional Tax

The additional tax must be paid with the general property transfer tax at the time the property transfer is registered with the Land Title Office.

Each transferee is jointly and severally liable for the additional tax payable. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

Tax Avoidance

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Where transactions involve Canadian citizens, the Canadian citizen's social insurance number must be collected and their identification verified against official government issued identification.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information will result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

Further Information

Online: gov.bc.ca/propertytransfertax

Toll free in BC: 1 888 355-2700

Email: pttenq@gov.bc.ca

Subscribe to our **What's New** page to receive email updates when information changes.

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

Email communication to legal professional associations:

The government announced a new additional property transfer tax on residential property transfers to foreign entities in the Greater Vancouver Regional District.

Attached is our *Tax Information Sheet* containing important information for the legal profession and conveyancers who file property transfer tax (PTT) returns at the Land Title Office.

Also attached is a new *Additional Property Transfer Tax Return* that must be completed when any transferee is a foreign entity. This form is available on our [website](#) and also on [MyLTSA](#).

An updated PTT return (V27) is available on [MyLTSA](#) that includes a new field for any additional property transfer tax payable. Use the new *Additional Property Transfer Tax Return* to calculate the total additional tax payable, then transfer that amount to the new field on V27 of the PTT return. The PTT return will automatically add any additional tax payable to the total amount of PTT payable. Instructions for how to file and pay the new additional tax are also on our [File Your Taxes](#) page.

Collecting the Social Insurance Number for any Canadian transferee is now mandatory on the PTT return and must be confirmed for accuracy against other government issued identification such as a Canadian passport. The province is introducing and will be enforcing stringent non-compliance penalties and will be monitoring businesses and individuals filing incomplete or incorrect general or additional PTT returns.

We appreciate your support and assistance in distributing this information within your organization and to your members.

Further Information

- Online: gov.bc.ca/propertytransfertax
- Toll free in Canada: 1 888 355-2700
- Email: ptteng@gov.bc.ca
- Subscribe to our [What's New](#) page to receive email updates when information changes.

Thank you.

[Outreach signature block]

[Attachments – FIN 532, Additional Property Transfer Tax Return; Information Sheet 2016-006, Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District – get these PDFs from Danna or Lisa]

MacLean, Shelley FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Monday, July 25, 2016 2:30 PM
To: Mentzelopoulos, Athana FIN:EX

The University endowment lands are in electoral Area A which is in the GVRD.

MacLean, Shelley FIN:EX

From: Lewis, Jason FIN:EX
Sent: Monday, July 25, 2016 3:06 PM
To: Mentzelopoulos, Athana FIN:EX
Cc: Hopkins, Jim FIN:EX; Latham, David FIN:EX
Subject: FW: BMO Economics Daily Chart Deck

Athana, with Jim and David Latham away I am sharing with you a link (below) that BMO is circulating. The commentary is supportive of the new 15% property tax... Overall, the Street appears to be taking the announcement in stride with no particular reaction reflected in market levels. Quiet summer day with little other activity.

CHARTS ON THE WEB:

<http://www.bmonesbittburns.com/economics/amcharts/S04Z46-JYHDI8-XJZCLR-DX4C3H-R90.pdf>

Jason Lewis | T: 250-387-7132 | C: 250-507-9439

From: Hainsworth, Andrew [<mailto:Andrew.Hainsworth@bmo.com>]
Sent: Monday, July 25, 2016 2:44 PM
To: Hopkins, Jim FIN:EX; Latham, David FIN:EX; Lewis, Jason FIN:EX; Wingerter, Dean M FIN:EX; Rawluk, Jacqueline FIN:EX
Cc: Williams, Grant; Ruta, Olivier; Mostaghim, Sahi
Subject: BMO Economics Daily Chart Deck

You may find the first chart in the website below of interest – Doug Porter comments on BC's new 15% property transfer tax on foreign purchasers.

Andrew

Andrew Hainsworth
Managing Director | FICC | Investment Grade Origination
BMO Nesbitt Burns Inc. | 100 King Street West | 3rd Floor Podium | Toronto, ON, M5X 1H3
andrew.hainsworth@bmo.com
(T) 416.359-6770 | (F) 416.359-1636 | (C) 416.471.4229

 **BMO Capital Markets**
We're here to help.

BMO Capital Markets Economics AM Charts

Douglas Porter, CFA, Chief Economist, BMO Financial Group
<http://www.bmocm.com/economics>
1-800-613-0205

Here is an early look at tomorrow's AM Charts...

- **B.C. Aims at Foreign Buyers**
- **Beware Oil's Seasonal Snit**

- **Texas Factories Now Nearly Floating Again**
- **Helicopter Policymakers**

CHARTS ON THE WEB:

<http://www.bmonesbittburns.com/economics/amcharts/S04Z46-JYTIDJ8-XJZCLR-DX4C3H-R90.pdf>

(If your email application cannot directly open the AM Charts document, (1) copy the text of the appropriate link above, (2) paste it into the address field of your web browser, and (3) press the ENTER key.)

View important Disclosure Statements at <http://www.bmonesbittburns.com/economics/disclosures>.



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MacLean, Shelley FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 5:08 PM
To: Mentzelopoulos, Athana FIN:EX
Subject: FW: Real Estate Board of Greater Vancouver issues statement on foreign buyer tax

Real Estate Board of Greater Vancouver issues statement on foreign buyer tax

-
- **News Releases**
- **REBGV Statements**
Monday, July 25, 2016

Copyright

MacLean, Shelley FIN:EX

From: Baskerville, Shannon JTST:EX
Sent: Monday, July 25, 2016 3:09 PM
To: Mentzelopoulos, Athana FIN:EX
Subject: Followup
Attachments: s.13,s.16 ATT00001.txt

Hi Athana,

s.13,s.16

Shannon

Page 11 to/à Page 15

Withheld pursuant to/removed as

s.16;s.13

MacLean, Shelley FIN:EX

From: Wood, Heather FIN:EX
Sent: Monday, July 25, 2016 12:40 PM
To: Mentzelopoulos, Athana FIN:EX; Edwardson, Jamie GCPE:EX
Subject: FW: Federal AML framework

Importance: High

s.13

Heather

From: Anderson, Leah (FIN) [<mailto:leah.anderson@canada.ca>]
Sent: Monday, July 25, 2016 12:32 PM
To: Wood, Heather FIN:EX
Cc: Wright, Ian (FIN); Stewart, Rob (FIN); Pezzack, Lisa (FIN); Ram, Elisha (FIN); Calof, Dan (FIN)
Subject: Federal AML framework

Hi Heather,

In response to your follow up, I am forwarding points that we have worked on with our colleagues at FINTRAC. The core message we discussed is the one highlighted below.

We can only comment on details of the framework we have put in place, Fintrac compliance work, and related actions it has undertaken. With respect to ML cases under investigation, this is a matter for law enforcement and it would not be appropriate for us comment.

Hopefully the following helps in your positioning that compliance deficiencies do not necessarily mean money laundering activity. Happy to discuss further.

- The Government of Canada is committed to a strong and comprehensive anti-money laundering regime that is at the forefront of the global fight against money laundering and terrorist financing.
- FINTRAC is Canada's Financial Intelligence Unit and also acts as Canada's AML/ATF regulator. FINTRAC works closely with all reporting entities, providing them with guidance on their obligations under the *Proceeds of Crime Money Laundering and Terrorist Financing Act* (PCMLTFA). It is important that financial intermediaries and professionals, including real estate professionals, fulfill their obligations in order to protect the integrity of Canada's financial system and to ensure they are not unwittingly used to launder criminal money or finance terrorism.
- Cognizant of the ML/TF risks in the real estate sector, FINTRAC increased its examinations of the sector in 2015-16. Significant deficiencies were found in relation to obligations under the PCMLTFA and its Regulations, for example, in relation to policies and procedures, risk assessments, record keeping, client identification and reporting of large cash or suspicious transactions. These deficiencies do not necessarily mean that real estate agents are engaged in money laundering activities. The deficiencies are an indication that the real estate sector needs to be more vigilant and strengthen its compliance program to prevent and deter money laundering and terrorist financing.

- FINTRAC continuously analyses financial transaction reports submitted by real estate professionals and other reporting entities, in conjunction with other sources of information. If FINTRAC suspects that the information would be relevant to a money laundering or terrorist financing investigation, then the information is disclosed forthwith to police and other agencies for further investigation. Police agencies are responsible for determining whether to lay criminal charges or not.

MacLean, Shelley FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 2:14 PM
To: Cadario, Michele PREM:EX
Cc: Sweeney, Neil PREM:EX; Mentzelopoulos, Athana FIN:EX; Henderson, Kim N PREM:EX
Subject: FW: New Foreigners TAX

Early response from UDI

From: Jon Stovell [<mailto:jons@relianceproperties.ca>]
Sent: Monday, July 25, 2016 2:00 PM
To: Chrystal, Neil
Cc: Menzies, Brian FIN:EX; Anne McMullin
Subject: Re: New Foreigners TAX

Thanks Niel.

Brian

UDI officially concurs with every aspect of Niel's letter below.

This is ill advised in the extreme and your governments failure to exempt pre-sales is a betrayal to our non residents willing to participate in good faith in our economy in what has been both a legal and arguably encouraged through other government policy.

Your consultations with industry as recently as last week when this was not even mentioned also have limited credibility at this point.

Kind regards.

Jon Stovell
UDI Chair.

Sent from my iPhone

On Jul 25, 2016, at 11:31 AM, Chrystal, Neil <nchrystal@polyhomes.com> wrote:

Brian,

Good morning Brian!

Neil Chrystal here from Polygon Homes. We met last week at the meeting we had with Minister de Jong and UDI.

I thought I would send you a quick note (personally, not as a member of UDI) to let you know how disappointed I am in the new tax on foreign buyers and I was hoping you might share my thoughts with Minister de Jong.

The new tax is wrong on two fronts;

- 1) The tax of 15% is excessive and a sure fire way to halt sales to foreign buyers in a market that was already showing signs of fatigue and;
- 2) The fact that you did not provide a grandfathering provision for buyers of pre-sales homes is outrageous and sure to cause the new home industry a lot of issues moving forward.

While I was at first appreciative of the consultation meeting we had last week I feel that our industry has been somewhat blind-sided by the announcement of this new tax, given how extreme it is. I actually find it hard to believe that something so drastic wasn't discussed further with our industry and that our meeting was a bit of a waste of time, given that the policy was likely already determined.

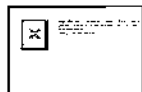
I am sure that UDI will be consulting you with a formal industry position on the new tax but wanted to let you know how personally disappointed I am with the tax rate and rules applied to purchasers.

Anyhow, not meaning to dump on you but I am writing this email in a frustrated state of mind and your card happened to be sitting on my desk!

If you want to talk, I am happy to chat with you.

Regards,

Neil



polyhomes.com
900 - 1333 West Broadway,
Vancouver, BC V6H 4C2

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Mentzelopoulos, Athana FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Monday, July 11, 2016 11:34 AM
To: Mentzelopoulos, Athana FIN:EX; MacLean, Shelley FIN:EX
Cc: Jillings, Duncan FIN:EX; Hawkshaw, Steve FIN:EX
Subject: FW: PTT

BCREA forecast 47,000 sales this year in metro Vancouver^{s.13}
s.13

From: MacLean, Shelley FIN:EX
Sent: Monday, July 11, 2016 8:48 AM
To: Hawkshaw, Steve FIN:EX; Flanagan, Paul FIN:EX
Subject: PTT

s.13

Shelley MacLean
Director, Executive Operations & Strategic Initiatives
Deputy Minister's Office
Ministry of Finance
Phone: 250-356-6696
Fax: 250-387-1655

Hawkshaw, Steve FIN:EX

From: Starkl-Moser, Miriam CSCD:EX
Sent: Friday, July 22, 2016 2:26 PM
To: Hawkshaw, Steve FIN:EX
Subject: FW: GVRD Boundary Map
Attachments: greater_vancouver_rd1f.pdf

Hi Steve,

Please see attached map and information in email below. As discussed, this is **not** an official, legal map version of the GVRD boundaries. My colleague Liz also said that currently, there is no official map for the GVRD. Therefore, for an official legal description of the boundaries you have to refer back to all the OICs over the years that dealt with boundary extensions in the GVRD (there is no consolidated document available). Please let me know if you have any further questions, thanks, regards,
Miriam

Miriam Starkl-Moser
Phone 250 387-4017

From: Lane, Liz CSCD:EX
Sent: Friday, July 22, 2016 2:12 PM
To: Starkl-Moser, Miriam CSCD:EX
Subject: GVRD Boundary Map

Hi Miriam – attached is the GVRD map. One thing that I should have pointed out is that the map provides a visual representation of the written metes and bounds and only illustrates the external boundary of the RD as this is what the metes and bounds describes. It does not show the individual local governments within the Regional District itself.

If more detail as to the individual local government boundaries are required, I would suggest iMap or the BC Economic Atlas which now uses the spatial data that was created as part of this mapping project.

<http://maps.gov.bc.ca/ess/hm/bcea/?catalogLayers=210,218,5377,5383,5380,5388,5385&scale=400000&layers=30AsIE2Kp%2FSM&center=-13850000%2C6393500>

Liz

Elizabeth Lane | Program Analyst
Local Government Structure | Ministry of Community, Sport and Cultural Development
Direct: 250.356.6333 | Email: elizabeth.lane@gov.bc.ca

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Monday, July 4, 2016 2:37 PM
To: MacLean, Shelley FIN:EX
Cc: Flanagan, Paul FIN:EX
Attachments: Briefing Note Decisions July 4.doc

Hi Shelley

We have a list of decisions for the Minister for the new project.

Steve Hawkshaw
Director, LNG Tax Policy
Tax Policy Branch
Policy and Legislation Division
Ministry of Finance

Phone: 250.387.7364
Fax: 250.387-9061
E-Mail: Steve.Hawkshaw@gov.bc.ca

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 9:34 AM
To: Zoeller, Sonja GCPE:EX
Subject: 100k

100,000 for the new tax
25,000 for the old tax

For individuals

Steve Hawkshaw
Director, LNG Tax Policy
Tax Policy Branch
Policy and Legislation Division
Ministry of Finance

Phone: 250.387.7364
Fax: 250.387-9061
E-Mail: Steve.Hawkshaw@gov.bc.ca

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 11:00 AM
To: Jillings, Duncan FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: NR - final review - BG added

I am okay with the changes

From: Jillings, Duncan FIN:EX
Sent: Friday, July 22, 2016 10:59 AM
To: Hawkshaw, Steve FIN:EX; Flanagan, Paul FIN:EX
Subject: RE: NR - final review - BG added

Back to you two to okay my changes/additions.

Duncan Jillings
Director, Property Taxation
Tax Policy Branch
Ministry of Finance
(250) 387-7324
cell: (250) 208-4205

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 9:24 AM
To: Zoeller, Sonja GCPE:EX; Jillings, Duncan FIN:EX; Flanagan, Paul FIN:EX
Cc: Edwardson, Jamie GCPE:EX
Subject: RE: NR - final review - BG added

Two minor edits in track changes in the backgrounder part.

From: Zoeller, Sonja GCPE:EX
Sent: Thursday, July 21, 2016 4:01 PM
To: Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX; Flanagan, Paul FIN:EX
Cc: Edwardson, Jamie GCPE:EX
Subject: NR - final review - BG added
Importance: High

Can you please review the NR one final time? I've also now added a backgrounder which you have not seen.

Thanks,

Sonja Zoeller
Public Affairs Officer
Ministry of Finance
Direct: 250-387-1248
Cell: 250-812-6844

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Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 12:26 PM
To: Zoeller, Sonja GCPE:EX

- Anmore
- Belcarra
- Bowen Island
- Burnaby
- Coquitlam
- Delta
- Electoral Area A
- Langley City
- Langley Township
- Lions Bay
- Maple Ridge
- New Westminster
- North Vancouver City
- North Vancouver District
- Pitt Meadows
- Port Coquitlam
- Port Moody
- Richmond
- Surrey
- Tsawwassen
- Vancouver
- West Vancouver
- White Rock

<http://www.metrovancouver.org/about/municipalities/Pages/default.aspx>

Everyone but the TFN

Steve Hawkshaw
Director, LNG Tax Policy
Tax Policy Branch
Policy and Legislation Division
Ministry of Finance

Phone: 250.387.7364
Fax: 250.387-9061
E-Mail: Steve.Hawkshaw@gov.bc.ca

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 12:35 PM
To: Harley, Hilary M FIN:EX
Subject: Timing

Current plan is introduction / first reading in the morning directly after prayers – so sometime between 10-11 am Monday morning.

Steve Hawkshaw
Director, LNG Tax Policy
Tax Policy Branch
Policy and Legislation Division
Ministry of Finance

Phone: 250.387.7364
Fax: 250.387-9061
E-Mail: Steve.Hawkshaw@gov.bc.ca

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Friday, July 22, 2016 1:07 PM
To: Zoeller, Sonja GCPE:EX
Subject: RE: NR: para 4 revised

Looks fine

From: Zoeller, Sonja GCPE:EX
Sent: Friday, July 22, 2016 12:58 PM
To: Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX; Flanagan, Paul FIN:EX
Cc: Edwardson, Jamie GCPE:EX
Subject: NR: para 4 revised
Importance: High

Paragraph 4 has been reworded for clarity. Changed all references to "Greater Vancouver Regional District" and "treaty lands of the Tsawwassen First Nation".

Let me know if any issues.

Thanks,

Sonja Zoeller
Public Affairs Officer
Ministry of Finance
Direct: 250-387-1248
Cell: 250-812-6844

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Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Sunday, July 24, 2016 4:20 PM
To: Edwardson, Jamie GCPE:EX
Cc: Flanagan, Paul FIN:EX
Subject: Re: Qs

It comes into effect retroactively.

We can accept payments prior to it coming into effect - like the new 3 per cent rate at Budget (effective date Feb 17 - before royal assent).

Sent from my iPhone

On Jul 24, 2016, at 3:52 PM, Edwardson, Jamie GCPE:EX <Jamie.Edwardson@gov.bc.ca> wrote:

Going through the Qs. If the legislation doesn't pass until Aug. 4, what happens to the Aug. 2 effectiveness date?

Sent from my BlackBerry 10 smartphone on the TELUS network.

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Monday, July 25, 2016 9:02 AM
To: Harley, Hilary M FIN:EX
Subject: RE: Info sheet

"Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation."

Taxable trustees are trustees that are a foreign national or a foreign company or are trustees of a trust with a beneficiary that is a foreign national or foreign corporation.

"The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax."

Is this more accurate?

The additional tax may apply on the foreign entity's proportionate share of any applicable residential property transfer even if other transferees are exempt from the general property transfer tax.

From: Harley, Hilary M FIN:EX
Sent: Monday, July 25, 2016 7:59 AM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX
Subject: Info sheet

Hi

I am not sure if you have seen this via Jamie (this whole process has got a tad more complicated than usual with the number of people interested!) but in case you have not here is the final version of our info sheet – in keeping with the approach on this we have added more info on penalties etc. It has been approved by Elan and Athana has also seen it as she wanted to be sure we were clear on the consequences of providing wrong info etc.

I will send the password by separate email.

Hilary

Hilary Harley
Director, Audit and Compliance
Property Taxation Branch
Ministry of Finance

Phone: 250 387 3328
Cell: 250 812 5791



Think about the environment before printing.

Hawkshaw, Steve FIN:EX

From: Hawkshaw, Steve FIN:EX
Sent: Monday, July 25, 2016 9:02 AM
To: Harley, Hilary M FIN:EX
Subject: RE: Info sheet

The penalties apply to anyone who participates in tax avoidance.

Tax evasion

From: Harley, Hilary M FIN:EX
Sent: Monday, July 25, 2016 7:59 AM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX
Subject: Info sheet

Hi

I am not sure if you have seen this via Jamie (this whole process has got a tad more complicated than usual with the number of people interested!) but in case you have not here is the final version of our info sheet – in keeping with the approach on this we have added more info on penalties etc. It has been approved by Elan and Athana has also seen it as she wanted to be sure we were clear on the consequences of providing wrong info etc.

I will send the password by separate email.

Hilary

Hilary Harley
Director, Audit and Compliance
Property Taxation Branch
Ministry of Finance

Phone: 250 387 3328
Cell: 250 812 5791



Think about the environment before printing.

Hawkshaw, Steve FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Sunday, July 24, 2016 6:30 PM
To: Edwardson, Jamie GCPE:EX; Hawkshaw, Steve FIN:EX
Subject: Re: Qs

Still effective Aug 3

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Edwardson, Jamie GCPE:EX
Sent: Sunday, July 24, 2016 3:52 PM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX
Subject: Qs

Going through the Qs. If the legislation doesn't pass until Aug. 4, what happens to the Aug. 2 effectiveness date?

Sent from my BlackBerry 10 smartphone on the TELUS network.

Hawkshaw, Steve FIN:EX

From: Harley, Hilary M FIN:EX
Sent: Monday, July 25, 2016 8:38 AM
To: Hawkshaw, Steve FIN:EX
Subject: RE: PTT manual form

We will fix it in the next iteration – we will be working on getting it fillable automatically over the next few days, as we did not have the time or capacity to do it for today, so will be updating it.

From: Hawkshaw, Steve FIN:EX
Sent: Monday, July 25, 2016 8:35 AM
To: Harley, Hilary M FIN:EX
Subject: RE: PTT manual form

"the penalties for tax avoidance"

Should read evasion – avoidance is legal, but could result in a re-assessment under 2.04 which would mean tax payable but no fine.

From: Harley, Hilary M FIN:EX
Sent: Monday, July 25, 2016 7:49 AM
To: Flanagan, Paul FIN:EX; Jillings, Duncan FIN:EX; Hawkshaw, Steve FIN:EX; Curtis, David FIN:EX; Reed, Matt FIN:EX
Subject: PTT manual form

Good morning

I have attached the form for the new program – it is still marked draft but is the final version that has been approved by Elan.

If you have any questions please let me know.

Hilary

Hilary Harley
Director, Audit and Compliance
Property Taxation Branch
Ministry of Finance

Phone: 250 387 3328
Cell: 250 812 5791



Think about the environment before printing.

Hawkshaw, Steve FIN:EX

From: MacLean, Shelley FIN:EX
Sent: Monday, July 25, 2016 9:58 AM
To: Wood, Heather FIN:EX; Dawkins, Christina FIN:EX; Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX; Foster, Doug FIN:EX
Subject: FW: Bill Briefings
Importance: High

I'll let you know when the times have been nailed down. Thx

From: Chandler, Penelope E FIN:EX
Sent: Monday, July 25, 2016 9:48 AM
To: MacLean, Shelley FIN:EX
Cc: Menzies, Brian FIN:EX; Bowry, Sanjay FIN:EX
Subject: Bill Briefings
Importance: High

Shelley – the Hemlock Room has been set aside today from 3:00 to 6:00 for Opposition briefings on the Housing Bill. MLA Huntington and a staff person from MLA Weaver's office will be interested in a briefing any time after 4:30 – they do not wish to attend the NDP briefing – so we will have to provide 2 sets. MLA Weaver is not here at all this week.

I do not yet know at what time the NDP wish a briefing – but I intend to offer them 3:00 today and see where they land – FYI and thanks, p.

Hawkshaw, Steve FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Monday, July 25, 2016 10:47 AM
To: Zoeller, Sonja GCPE:EX; Hawkshaw, Steve FIN:EX
Cc: Emery, Steven B FIN:EX; Harley, Hilary M FIN:EX
Subject: RE: Q

Yes. Condo buildings are made up of individual units, each of which is a residential property.

From: Zoeller, Sonja GCPE:EX
Sent: Monday, July 25, 2016 10:46 AM
To: Hawkshaw, Steve FIN:EX
Cc: Emery, Steven B FIN:EX; Harley, Hilary M FIN:EX; Flanagan, Paul FIN:EX
Subject: Re: Q

So the tax would apply?

Sent from my iPhone

On Jul 25, 2016, at 10:44 AM, Hawkshaw, Steve FIN:EX <Steve.Hawkshaw@gov.bc.ca> wrote:

Should be residential

From: Zoeller, Sonja GCPE:EX
Sent: Monday, July 25, 2016 10:39 AM
To: Emery, Steven B FIN:EX; Harley, Hilary M FIN:EX; Hawkshaw, Steve FIN:EX; Flanagan, Paul FIN:EX
Subject: Fwd: Q

Does anyone know?

Sent from my iPhone

Begin forwarded message:

From: "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>
Date: July 25, 2016 at 10:37:25 AM PDT
To: "Zoeller, Sonja GCPE:EX" <Sonja.Zoeller@gov.bc.ca>
Subject: Q

If a foreign entity buys a residential condo tower does the additional tax apply?
Or is that considered commercial?

Sent from my BlackBerry 10 smartphone on the TELUS network.

Hawkshaw, Steve FIN:EX

From: Lavoie, Maude (FIN) <maude.lavoie@canada.ca>
Sent: Monday, July 25, 2016 12:28 PM
To: Flanagan, Paul FIN:EX
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: BC Housing Initiatives

Okay, talk to you in 30 minutes!

From: Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]
Sent: July-25-16 3:27 PM
To: Lavoie, Maude (FIN)
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: BC Housing Initiatives

Yes. That is fine.

From: Lavoie, Maude (FIN) [<mailto:maude.lavoie@canada.ca>]
Sent: Monday, July 25, 2016 12:26 PM
To: Flanagan, Paul FIN:EX
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: BC Housing Initiatives

Great, thanks. Can we call you at 4pm (our time)?

If yes, please confirm this would be the good number to call: (250) 387-9014

From: Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]
Sent: July-25-16 3:16 PM
To: Lavoie, Maude (FIN)
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: BC Housing Initiatives

We are available until about 5.30 your time. If you prefer most of tomorrow should be ok for us as well.

Paul

From: Lavoie, Maude (FIN) [<mailto:maude.lavoie@canada.ca>]
Sent: Monday, July 25, 2016 11:53 AM
To: Flanagan, Paul FIN:EX
Subject: RE: BC Housing Initiatives

Hi Paul,

To follow-up on our conversation, would you be available later this afternoon or tomorrow for a call with folks here on BC announcements?

From: Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]
Sent: July-25-16 1:31 PM

To: Marsland, Andrew (FIN); cmartin@gov.nl.ca; ndburns@gov.pe.ca; Lilani.Kumaranayake@novascotia.ca; Peter.Kieley@gnb.ca; marc.grandisson@finances.gouv.qc.ca; sriram.subrahmanyam@ontario.ca; Richard.Groen@gov.mb.ca; arun.srinivas@gov.sk.ca; joffre.hotz@gov.ab.ca; Wood, Heather FIN:EX; DYoung1@gov.nu.ca; Kelly_Bluck@gov.nt.ca; Gerry.Gagnon@gov.yk.ca
Cc: daviespb@gov.ns.ca; jgriffin@gov.nl.ca; George.mcallister@gnb.ca; Silvester.komlodi@gov.mb.ca; Purnell.richard@gov.bc.ca; Simone.Boxen@ontario.ca; luc.bilodeau@finances.gouv.qc.ca; Lavoie, Maude (FIN); Gagnon, Claudine (FIN); Ernewein, Brian (FIN); Jovanovic, Miodrag (FIN); Rocheleau, Josiane (FIN)
Subject: BC Housing Initiatives

Colleagues,

Today, the BC government introduced Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016, which implements the following:

- A new Housing Priority Initiatives Fund for provincial housing and rental programs;
- Provides authority for the City of Vancouver to implement a "vacancy tax";
- Measures to implement the key recommendations of the independent advisory group report, and to end self-regulation of the real estate industry; and
- Introduces an additional property transfer tax of 15% of the value of residential property transferred to foreign entities, including foreign nationals and certain trusts and corporations. This tax is effective for taxable transfers effective August 2, 2016 (Monday August 1 is a holiday in BC).

News release: <https://news.gov.bc.ca/releases/2016PREM0080-001346>

Paul

Hawkshaw, Steve FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 1:16 PM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX; Zoeller, Sonja GCPE:EX
Subject: Fw:

Importance: High

Have answered, but just noting.

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Keith Baldrey <Keith.Baldrey@globalnews.ca>
Sent: Monday, July 25, 2016 1:05 PM
To: Edwardson, Jamie GCPE:EX
Subject:

Jamie

Does the 15% tax apply to those who get into Canada through that Quebec investor immigrant program (whatever it's called).

Keith Baldrey, Legislature Bureau Chief, Global BC News
Global News, a division of Corus Entertainment Inc.
T: 250-387-1572 C: 250-360-7658
E: Keith.Baldrey@globalnews.ca



Hawkshaw, Steve FIN:EX

From: FIN REV G PTB-PTT Enquiries FIN:EX
Sent: Monday, July 25, 2016 2:11 PM
To: Jillings, Duncan FIN:EX; FIN REV G PTB-PTT Enquiries FIN:EX
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: Democratic Process

Thanks – have you sent this to them?

From: Jillings, Duncan FIN:EX
Sent: Monday, July 25, 2016 12:40 PM
To: FIN REV G PTB-PTT Enquiries FIN:EX
Cc: Hawkshaw, Steve FIN:EX
Subject: RE: Democratic Process

This is answer mostly put together from the Qs and As.

Housing market conditions have been a topic of considerable debate over the past several years. The government has consulted widely with industry associations, housing advocates, and other parties interested in housing markets. When a change is made to a transaction tax, such as a purchase or a registration, we have found that the fairest and most efficient date for a change is to begin immediately after, or as soon as possible after, the change has been announced. By making the announcement through the tabling of legislation, we are able to make the information available to all taxpayers at the same time. If passed by the legislature, the tax will be effective August 2, 2016.

The government established a range between 10% and 20% that can be adjusted by regulation, and chose 15% as the starting rate. The government will assess the effect of this rate in the months to come.

The 15% rate significantly reduces an investor's return on investment, making investment in real estate less attractive to foreign investors.

Other jurisdictions faced with similar circumstances also apply the same rate. Singapore and Hong Kong both apply a rate of 15% to residential property bought by foreign nationals.

The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation. This flexibility will allow government to adjust the tax rate depending on the needs of the market.

Duncan Jillings
Director, Property Taxation
Tax Policy Branch
Ministry of Finance
(250) 387-7324
cell: (250) 208-4205

From: FIN REV G PTB-PTT Enquiries FIN:EX
Sent: Monday, July 25, 2016 12:20 PM
To: Hawkshaw, Steve FIN:EX; Jillings, Duncan FIN:EX
Subject: FW: Democratic Process

Could you respond to this one? Getting lots of calls already.

From: s.22

Sent: Monday, July 25, 2016 12:17 PM

To: FIN REV G PTB-PTT Enquiries FIN:EX

Subject: Democratic Process

Before you go introducing a tax like this you would think you would involve some democratic process and involve real estate professionals in this decision making to fully realize the casualties that will be a result of this. It seems you have been swayed by the media's sensationalism on the the affordability issue.

A tax is a great idea but 15% is far too much. What about the first time home buyers that stretched to get into the market this year, what about the restauranteurs and local business owners that have received a boost in their business as a result of foreign ownership, what about the thousands upon thousands of real estate professionals working in the industry that will be affected.

How do we open up a discussion about what is an appropriate amount of tax and not just drop this on the public "oh ya in two weeks this is happening"

s.22

Hawkshaw, Steve FIN:EX

From: MacLean, Shelley FIN:EX
Sent: Monday, July 25, 2016 2:43 PM
To: Woodward, Kara M CSCD:EX; Marotz, Nicola CSCD:EX; Hawkshaw, Steve FIN:EX; Wood, Heather FIN:EX; Starkl-Moser, Miriam CSCD:EX; Dawkins, Christina FIN:EX; Flanagan, Paul FIN:EX
Subject: Change in Time: RE: Briefing confirmed this afternoon
Importance: High

The briefing will now start at 3:30. Thank you

From: MacLean, Shelley FIN:EX
Sent: Monday, July 25, 2016 1:47 PM
To: Woodward, Kara M CSCD:EX; Marotz, Nicola CSCD:EX; Hawkshaw, Steve FIN:EX; Wood, Heather FIN:EX; Starkl-Moser, Miriam CSCD:EX; Dawkins, Christina FIN:EX; Flanagan, Paul FIN:EX
Subject: Briefing confirmed this afternoon

The opposition briefing will be at 3:00 this afternoon in the Hemlock room. MLA Huntington & Weaver's briefing will start directly following. Thank you

Shelley MacLean
Director, Executive Operations & Strategic Initiatives
Deputy Minister's Office
Ministry of Finance
Phone: 250-356-6696
Fax: 250-387-1655

Hawkshaw, Steve FIN:EX

From: Flanagan, Paul FIN:EX
Sent: Monday, July 25, 2016 3:10 PM
To: Hawkshaw, Steve FIN:EX
Subject: Re:

Shelly has heard nothing from CSCD on the briefing this afternoon. Can you contact someone to make sure they show up.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Flanagan, Paul FIN:EX
Sent: Monday, July 25, 2016 1:40 PM
To: Hawkshaw, Steve FIN:EX
Subject: Fw:

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Morphy, Randy <RMorphy@blg.com>
Sent: Monday, July 25, 2016 1:39 PM
To: Flanagan, Paul FIN:EX
Subject: FW:

That was me.

Randy S. Morphy

Partner

T +1 604.640.4216 | F +1 604.622.5006 | M +1 604.687.5744 | rmorphy@blg.com

1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2

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From: Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]
Sent: July-25-16 12:57 PM
To: s.22
Subject:

s.22

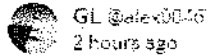
I am with the BC Ministry of Finance and we got a request to call your firm from someone who had a question regarding the BC government's additional property transfer tax and how it applies to trusts. However, we did not get a name. If you are aware of who in your firm asked the question, they can contact me and provide a phone number.

Paul

Hawkshaw, Steve FIN:EX

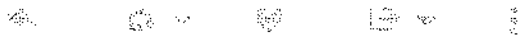
From: Zoeller, Sonja GCPE:EX
Sent: Monday, July 25, 2016 3:20 PM
To: Hawkshaw, Steve FIN:EX
Subject: social media Qs

Hi – we have a few inquiries to respond to online. Please let me know if anything is incorrect. Thanks!



GL @alev0046
2 hours ago

@BCGovNews what about people with work permit?



A: The additional tax applies to all foreign nationals, whether or not they have a visa or work permit.



PJ Zargarzadeh @PJZargar
13 mins ago

@REBGV @BCGovNews two questions: 1) is this an
additional 15%? 2) does it apply to existing signed
contracts w/ cls dates aft Aug. 2nd?



A: 1) Yes, it is an additional tax of 15%. 2) If approved by the Legislature, the tax will apply to transfers of properties registered at Land Title Office on or after August 2.

Sonja Zoeller

Public Affairs Officer
Ministry of Finance
Direct: 250-387-1248
Cell: 250-812-6844

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Hawkshaw, Steve FIN:EX

From: Harley, Hilary M FIN:EX
Sent: Monday, July 25, 2016 3:23 PM
To: Hawkshaw, Steve FIN:EX
Subject: Debate support

Follow Up Flag: Follow up
Flag Status: Completed

Hi Steve

I know you may not know this yet but do you have any idea of when you might need some support in the House for the new bill?

We are inundated with calls and questions at the moment and as I don't have any PTT supervisors I really need to be on hand to answer the more complex stuff and make sure we have enough resources for the phones. Because of that I would prefer to be here – if I monitored the broadcast from the House and was available by text/cell/email would that work? I could probably answer as quickly as I could as if I were there in person.

Hilary Harley
Director, Audit and Compliance
Property Taxation Branch
Ministry of Finance

Phone: 250 387 3328
Cell: 250 812 5791



Think about the environment before printing.

Hawkshaw, Steve FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 4:20 PM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX
Subject: Fw: loopholes

Some of these are captured in the Qs and as, but not sure about bullet 3? Can you let me know?

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Shaw, Rob <rshaw@postmedia.com>
Sent: Monday, July 25, 2016 4:15 PM
To: Edwardson, Jamie GCPE:EX
Subject: loopholes

Listing some loopholes people have mentioned today for law in case there is gov counterpoint:

Law would not capture:

- People who use proxies (someone else to buy property on their behalf who is a citizen or not paying the foreign buyers tax)
- Astronaut families where wife/kids live in BC and are citizens/exempt from tax while husband or spouse is in China earning money and sending it back to BC
- Canadian companies that formed by Canadians to solicit foreign capital and pool it to buy Canadian real estate under the corporation's Canadian name
- Foreigners who just buy in Victoria or somewhere outside Vancouver

ROB SHAW
LEGISLATIVE REPORTER
The Vancouver Sun | The Province
Room 360, Parliament Buildings
Victoria, B.C. V8V1X4
T: [250-953-5932](tel:250-953-5932)
C: [250-893-0841](tel:250-893-0841)
rshaw@postmedia.com
twitter.com/robshaw_vansun



The Province

POSTMEDIA

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Hawkshaw, Steve FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 3:47 PM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX
Subject: FW: CP News: Housing market observers question whether Vancouver foreign buyer tax will work

Importance: High

Any chance you could call Davidoff to walk thru the anti-avoidance mechanisms?

Tom Davidoff
Associate Professor
Director, Centre for Urban Economics and Real Estate
Sauder School of Business, UBC
604 822-8325 office
778 384-1489 cell

From: tno@gov.bc.ca [<mailto:tno@gov.bc.ca>]
Sent: Monday, July 25, 2016 3:23 PM
Subject: CP News: Housing market observers question whether Vancouver foreign buyer tax will work

CP News
Alexandra Posadzki
25-Jul-2016 15:09

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Page 28

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C. **Date Requested:**
Minister of Finance **Date Required:**

Initiated by: Steve Hawkshaw

Date Prepared: July 3rd 2016

Ministry
Contact: Steve Hawkshaw

Phone Number: 250-387-7364
Email: Steve.Hawkshaw@gov.bc.ca

Cliff #:

TITLE: PTT Surtax Decisions

PURPOSE:
(X) DECISION REQUIRED

DATE PREPARED: July 3rd 2016

TITLE: PTT Surtax Decisions

ISSUE: *Policy direction required for creating the PTT surtax*

BACKGROUND:

This is a follow-up note based on previous analysis done by Tax Policy Branch and direction received from the Minister.

s.13

Page 31 to/à Page 36

Withheld pursuant to/removed as

s.13

Hawkshaw, Steve FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 4:55 PM
To: Flanagan, Paul FIN:EX; Hawkshaw, Steve FIN:EX
Subject: Fw: NAFTA??

Importance: High

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Keith Baldrey <Keith.Baldrey@globalnews.ca>
Sent: Monday, July 25, 2016 4:54 PM
To: Edwardson, Jamie GCPE:EX
Subject: NAFTA??

Hey Jamie

Interestingly, I have had two queries from members of the public today, wondering if NAFTA would prevent the foreign tax being applied to Americans and Mexicans. Apparently, some Canadians have successfully fought off Hawaiian non-residence taxes when their lawyers start throwing NAFTA rules around. Got anything on that?

Keith Baldrey, Legislature Bureau Chief, Global BC News
Global News, a division of Corus Entertainment Inc.
T: 250-387-1572 C: 250-360-7658
E: Keith.Baldrey@globalnews.ca



Notes for Elan

System issues:

Need to engage LTSA to set up any changes to the forms or processes

The form is a PDF and it became apparent during the updates to collect the citizenship information that it is at capacity.

Changes to the PTT system are done through HPAS and are complex.

Changes to the form, or setting up a new one through LTSA, and updating the PTT system are expensive.

What is planned;

Manual filing directly to PTT from the commencement date

Background:

- Legislation for the new surtax to be introduced on or around Jul 25th.
- Strictly confidential – meant no discussions with HPAS or Land Title and Survey Authority were possible.
- That aside, the time frame was too short to set up a workable solution for filing electronically.
- System changes would go ahead once the legislation was in place and it could be discussed with third parties. (Either in PTT system or possibly straight into Gentax).

Provision for filing as currently drafted:

- Filing will be by form available online that can be completed, printed and mailed to PTT with a cheque for the tax.
- Allow 30 days from the date of registration to submit the form.
- Transitional provisions to allow an exemption for transactions where contract is on or before July 26th and it is registered prior to Aug 3rd.

Minister's comments:

- The return to be completed and filed electronically at LTSA when transaction is registered, no 30 day provision.
- Tax paid electronically.
- Tax will be effective for all transactions registered from Aug 3rd onward.

Challenges with this:

- Time frame is too short for successful implementation.
- Involves setting up new form, testing with HPAS and PTT system, providing it to LTSA for them to test.
- Alternative is to use the existing form but no guarantee this would work. The previous changes for the citizenship have stretched the PDF format to its capacity. This would still involve testing etc as above.
- Alterations to PTT system to accept new/amended form – timescale unknown without consulting HPAS. The GenTax option would probably take longer as it is out of scope of the current project.

Proposed solution (after discussion with Tax Policy):

- Method of filing remains as proposed – form is nearly ready and will be available on our website on Jul 25th.
- No transition provisions – effective date will be Aug 3rd as the minister requested.
- Work to commence on electronic filing solution straight after Jul 25th once HPAS/FAST and LTSA can be involved.

Note – LTSA have a project to update the electronic filing, and we are already in discussions with them – it will run parallel to PTT's RTI project next year and, as the PDF format is being abandoned for digital forms, it will make the process easier.

- Individuals will need to fill out two forms on transactions where the new tax will be payable – (1) the existing PTT form and (2) the new form designed for the new tax.
- If the individual identifies themselves as a foreign national AND living in Metro Vancouver, then the additional tax will automatically be added to the “Property Transfer Tax Payable” field in the existing PTT form (based on business rules built into the existing PTT form).
- For more complicated transactions involving trusts, companies and some exemptions the lawyers will have to calculate the tax owing on the manual form and enter it into the electronic form.
- Land Titles BC will submit the amount owing identified in the “Property Transfer Tax Payable” field to Banking and Cash Management through the existing, nightly interface (as per existing process).
- Payment of the new tax will be made with payment of the Property Transfer Tax at the same time, paid to the Minister of Finance
- The individual will also fill out the new form designed for the new tax and will submit the form to the Property Taxation Branch.
- Property Taxation Branch will use the new form designed for the new tax for auditing purposes.

UPDATES TO THE EXISTING PTT FORM

- Municipality field on form will become mandatory to identify those subject to additional tax
- Municipality field will include a drop down menu for the province and include all 162 municipalities
- Additional tax will be added to the “Property Transfer Tax Payable” field according to business rules on the form – this will eliminate any changes to the interface field between Land Titles BC and Banking and Cash Management
- Additional field will be added to form for those complicated transfers involving companies and trusts to input additional tax payable and the form will then add it to the tax payable field for processing. Again this will be done to eliminate any changes to the LTSA/Banking and Cash Management Interface.
- Data may be captured in the PTT database to be added to the warehouse (Insight) in a separate ticket

Questions and Answers
Housing Bill
July 19, 2016

Additional Property Transfer Tax – Rules/Technical

s.13

4. What about a transfer of a bare trust – would that allow the tax to be avoided? Now all the foreign money will simply go into bare trust properties rather than market properties. Is there any way to address that?

The amendments are structured to look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

5. You said before there's no incentive to lie on PTT forms – s.13 **How will you be sure people are honest on the form, when the penalties for falsifying the form are dwarfed by the potential tax liability?**

The penalties for providing false information with respect to the additional tax are severe. The fine is the amount of unpaid tax, plus interest, and an additional \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

6. Why do you need to look at beneficiaries of a trust?

The look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes

provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

7. What about a foreign owner who already has a property in Greater Vancouver?

This tax will not affect foreign owners who already have property in Greater Vancouver, except to the extent they wish to sell to foreign buyers or the tax has a cooling effect on the market, reducing the investment return to the owner.

s.13

9. Do I need to claim an exemption or submit the special form if there is no foreign involvement in my purchase?

No. Submitting the form for the additional tax is required only when there is at least one transferee who is a foreign entity or at least one trustee with beneficiaries who are foreign entities. No exemption is needed – without foreign involvement in the purchase, the additional tax does not apply.

10. What if a Canadian from Toronto wants to buy a home in Vancouver?

The buyer from Toronto will pay the general property transfer tax, but not the additional property transfer tax.

s.13

12. Do I need to pay additional tax when I register the property?

Yes, if the transaction is subject to the additional tax, you must make payment for both the general and additional tax with your general return filed at the time of registration, and mail in the form for the additional tax on the same day.

13. How do I file if there is more than one taxable transferee on the transaction?

Transferees must file a single return for the general tax, including payment for additional tax owed, and submit one form for the additional tax.

14. Why can't I submit my additional tax form electronically?

To implement the additional tax in a timely manner, we require a manual filing of the additional tax form for transferees of residential property in Greater Vancouver who are subject to the tax. At some point next year we will combine the additional tax form with the electronic filing of the general tax.

Additional Property Transfer Tax – Revenue Questions

15. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

s.13

The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund will receive a portion of revenues from the property transfer tax in the future.

17. Will tax revenues be shared with municipalities in Greater Vancouver?

No. This is a provincial tax. Municipalities will benefit to the extent that the tax curbs undue demand pressure in the housing market.

The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund will receive a portion of revenues from the property transfer tax in the future.

18. What's the purpose of this tax – to block investment or raise revenues?

The purpose of this tax is to help manage ongoing demand while the market responds by building new homes to meet local demand. By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Even though we are seeing much stronger housing starts since February of this year, it's clear the market and many local governments need more time to deliver enough housing starts to meet the current demand. This measure will help reduce foreign demand from that equation while new homes are being built for local residents. Not every foreign purchaser will necessarily be deterred by the tax.

To the extent that we generate revenue from the tax, the secondary purpose is to raise revenue to fund government priorities, which may include housing-related programs.

19. Based on your June data, if the rate of foreign money doesn't slow down, you stand to reap s.13 – what will you do with the money? How will you spend it?

We don't expect the pace of foreign transactions to continue at that pace once the tax is in place, but it's too soon to forecast what the effect will be. We will have a better idea in the Second Quarterly Report.

The revenues from this tax will be part of government's general revenues, like all tax revenues. The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund will receive a portion of revenues from the property transfer tax in the future.

Additional Property Transfer Tax – Political

s.13

s.13

26. You have consistently said you welcome foreign investment, isn't this tax a reversal of that position? How can you say: we welcome foreign investment, just not in this slice of our economy? We certainly do welcome foreign investment and we will continue to profile B.C. and attract business to our province. The purpose of this tax is to help manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs. By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Policy Choices

s.13

s.13

31. Why only in Greater Vancouver?

For now, the clearest need for this response is in Greater Vancouver. The Bill contains regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to make changes quickly.

s.13

33. Why aren't you taxing satellite Canadians who do not pay income tax?

s.13

Even if someone is not liable to pay income tax in Canada, they will still be liable to pay consumption and property taxes if they purchase goods or own property here. This is one of the reasons the provincial tax system is comprised of a variety of taxes on income, consumption and property. These taxes, when taken together, are intended to help raise the revenue necessary to fund the wide range of programs and services that British Columbians rely on.

s.13

There are many reasons why an individual may not pay income tax in a given year. For example, they may have earned income in the previous tax year or incurred business losses in the current tax year. An individual may have gone back to school, earning no income in the current tax year. Or, an individual may have a spouse who earns a high income, but earn no income of their own.

34. Why aren't you cracking down on money laundering and tax evasion in B.C. real estate?

Monitoring the flow of money across borders and international tax are extremely complex subjects that are governed by the federal statutes such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Income Tax Act and tax treaties.

Under the federal-provincial tax collection agreements, investigation of income tax evasion is the responsibility of the Canada Revenue Agency (the CRA). Streamlined administration simplifies the tax system and lowers administration costs for both government and individual taxpayers.

In addition to its own investigative powers, the CRA has access to information on cross border transfers of funds collected by FINTRAC. FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, is Canada's financial intelligence unit. FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.

That said, we support the Canada Revenue Agency in its efforts to identify cases of tax evasion in B.C. real estate. We share information to the extent possible under the information-sharing agreements we currently have in place with the federal government.

Minister de Jong discussed his concerns about issues related to tax evasion through real estate with Minister Morneau at the June meeting of Canada's finance ministers in Vancouver. These discussions led to the establishment of a federal-provincial-municipal working group comprised of senior officials from B.C., Ontario, the federal government and local governments. This group is meeting over the summer to identify strategies to strengthen information sharing among the various levels of government, in an effort to further prevent tax evasion in real estate.

Additional Property Transfer Tax – Market Effects

s.13

39. You said you don't want to take steps that could harm the equity BCers have built up in their homes – how can you be sure this measure won't crash the market?

We are taking a cautious approach by applying the tax to Metro Vancouver, where demand appears to be running strongest. We have the flexibility to adjust the tax rates within a range, and to apply or not apply the tax in different regions of the province as necessary.

40. You're likely to get stories of people walking away from contracts – are you troubled by that possibility? What do you say to a BCer whose deal just collapsed because of your tax?

Any time a new tax is implemented there is a period of market distortion, and if the tax is effective I expect some people will find themselves affected in this way. It's certainly a difficult personal circumstance for them. I would hope that the amount of disruption to individuals will be limited, and that new buyers can be found. At this point, there still appears to be very healthy local demand.

41. What impact do you foresee on the prices of homes – will this slow the rise in prices, reverse it?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. -s.13

s.13

By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Trade/Legal Questions

42. You're instituting an s.13 on people who can't vote – isn't this taxation without representation?

No. This tax applies to foreign entities that make a choice to purchase residential property in Metro Vancouver.

s.13

Additional Property Transfer Tax – Detailed Technical

49. Do I need to submit a form under 2.02(3) if I don't have any foreign transferees or transferees who are trustees of a trust with a foreign beneficiary?

You will only need to submit a form for additional tax for transfers of residential property in a prescribed area with a foreign transferee or when a foreign entity holds a beneficial interest in a trust. s.13 ?

50. I am a foreign entity making a purchase of a business property that has a small amount of residential property associated with it. Do I need to pay the tax?

Yes, the foreign entity as defined in the tax must pay additional property transfer tax on the residential portion, but not on the business portion of the transaction.

s.13

52. What if there are Canadian beneficiaries as well as foreign entity beneficiaries in the trust.

The transferee of a trust is considered to fully be a foreign entity if at least one beneficiary is a foreign entity.

s.13

Consumer Protection – Self-Regulation

59. How can you say self-regulation is ended?

Following the amendments industry will have NO formal role in the regulation of the real estate sector:

- All members on the Real Estate Council will be appointed by government;
- All rules will be made by the Superintendent, not Council.
- Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Again, industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

s.13

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – IAG Recommendations

61. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

62. Why do the amendments not implement all of the IAG recommendations?

All of the IAG recommendations that relate to legislation are included in the amendments, except for those that are outside the legislative scheme of the Real Estate Services Act and the recommendation to provide the council with the responsibility to investigate unlicensed activity.

The amendments provide the superintendent with broad oversight of council, and go further than the IAG recommendations in transferring rule making authority from council to the superintendent and in replacing the industry-elected members on Council with members appointed by the government.

The superintendent's rule-making authority will allow it to implement the non-legislative IAG recommendations.

63. Why do the amendments not implement the recommendation to provide council with the responsibility to investigate unlicensed activity?

The amendments provide for increased oversight of council and for new disciplinary powers for council. Council needs to focus on improving its investigation and discipline of licensees before an increase in its regulatory responsibility can be contemplated.

64. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

s.13

66. Can you tell us the distinction between dual agency and double ending?

Dual agency occurs when a licensee acts as agent to parties with opposing interests in a real estate transaction. For example, a licensee may be the real estate agent for both the seller of real estate and the buyer of real estate or a licensee may be acting for two different buyers bidding for the same real estate. The concern with dual agency is that the licensee cannot, in practice, fully act in the best interests of both parties if the interests of those parties are in conflict.

Double ending occurs when a licensee receives both the seller's and buyer's portion of the commission for a transaction. This most often occurs when a licensee is acting as a dual agent, but can also occur where a buyer is not represented by a licensee.

Dual agency and double ending may result in an unshared commission being received by a single licensee. However, under dual agency the licensee has the obligation to act as agent to both parties, even if the execution of this obligation is impractical, whereas under double ending the licensee has no agency obligation to the buyer.

s.13

Consumer Protection – Superintendent

68. Will additional resources be available to the Superintendent?

Assessment of the resource requirements for the Superintendent's office is underway.

69. How many staff will the Superintendent have?

The Superintendent will have the necessary resources required to carry out its mandate. The number of staff is being determined.

70. How will the Superintendent's office be funded?

The Superintendent's office will be funded through license fees.

71. When will the Superintendent begin his or her role?

The Deputy Minister of Finance is in the process of hiring a Superintendent dedicated to Real Estate. This is a high priority within the Ministry and for the Deputy Minister of Finance, He or she will begin working as soon as he or she is appointed.

Consumer Protection – Real Estate Council

72. Does the real estate council continue to exist?

Yes. The council will continue its role with respect to handling licensing and bringing disciplinary actions, but it will do so under the oversight of the superintendent of real estate. Council's ability to make rules that govern licensee conduct have been transferred to the Superintendent.

s.13

75. What happens to the existing council members?

Council members that were elected or appointed by council will cease to be council members once the amendments come into force. Council members that were appointed by the Lieutenant Governor in Council will continue to be council members.

76. What happens to council staff?

The Council will continue to require the existing complement of staff to fulfill its revised mandate and may even require additional staff to properly fulfill its responsibilities.

s.13

79. What will the role of Council staff be?

Staff will continue to receive complaints, investigate potential contraventions, and support Council with determining whether to issue a notice of hearing, and conduct discipline hearings.

80. Why does Council continue to be responsible for discipline?

Council will continue to be responsible for discipline, but will have more penalty tools available to ensure licensees are properly deterred and punished for any misconduct.

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – Legislation

81. What do these amendments do?

These amendments effectively end the self-regulatory status of the real estate council by providing that all members of the council are to be appointed by the government, instead of having the majority of council members elected by industry.

82. Why is the strata owner council position being removed? Wasn't this position independent?

Council was provided the ability to appoint a strata owner to council to ensure the concerns of this constituency were represented. This was required to address the fact that council was largely comprised of elected real estate agents. As all council members will now be appointed, government will be able to ensure the composition of the board adequately reflects the interests and perspectives of all stakeholders.

83. Why are disgorged commissions not returned to the consumer?

The amendments provide that disgorged commissions, like discipline penalties, must be remitted to the council for the purposes of licensee and public education. The amendments allow for a regulation to be developed should it be considered effective and appropriate to allow for other uses of disgorged funds.

s.13

Consumer Protection – Operations

85. Who will handle complaints and discipline?

Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings).

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

86. Who will handle unlicensed activity?

The superintendent will continue to be responsible for unlicensed activity. The amendments generally give less power to council, and expanding council's role per the IAG recommendations is contrary to the direction of the amendments.

87. What happens to the existing rules?

The existing rules will be deemed to be the rules of the superintendent, and will continue to remain in force.

88. Which IAG recommendations are not addressed by the amendments?

The amendments do not implement any IAG recommendations that can be implemented by rules or that are operational in nature. Also, recommendations involving unlicensed activity (extending shadow flipping regulation to all real estate contracts, for sale by owner regulation), including the recommendation to transfer oversight of unlicensed activity to council are not provided for in the amendments.

89. Who will have power to make bylaws?

The council will retain the power to make bylaws. However, the superintendent is provided with new powers to direct council to make, amend, or repeal a bylaw.

Consumer Protection – General

s.13

Q&A's

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in Greater Vancouver and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. In which situations would a trustee be liable for the additional tax?

A trustee would be liable if the trustee is a foreign entity, or if a beneficiary of the trust is a foreign entity.

3. Why do you need to look at beneficiaries of a trust?

The look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

4. What if there are Canadian beneficiaries as well as foreign entity beneficiaries in the trust.

The transferee of a trust is considered to fully be a foreign entity if at least one beneficiary is a foreign entity.

5. In which situations would a corporation be liable for the additional tax?

A corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

6. Do I need to pay additional tax when I register the property?

Yes, if the transaction is subject to the additional tax, you must make payment for both the general and additional tax with your general return filed at the time of registration, and mail in the form for the additional tax on the same day.

7. How do I file if there is more than one taxable transferee on the transaction?

Transferees must file a single return for the general tax, including payment for additional tax owed, and submit one form for the additional tax.

8. Why can't I submit my additional tax form electronically?

To implement the additional tax in a timely manner, we require a manual filing of the additional tax form for transferees of residential property in Greater Vancouver who are subject to the tax. At some point next year we will combine the additional tax form with the electronic filing of the general tax.

9. Why did you pick August 2 as the effective date? Why is the transition period so short?

August 2 is the first business day following the anticipated passage of the legislation. It is important that there isn't a delay in implementing the new tax so that some buyers don't receive an unfair advantage.

- 10. I am a foreign entity making a purchase of a business property that has a small amount of residential property associated with it. Do I need to pay the tax?**

Yes, the foreign entity as defined in the tax must pay additional property transfer tax on the residential portion, but not on the business portion of the transaction.

- 11. I am not sure my property meets the definition of residential**

Refer to the most recent assessment notice from BC Assessment. Or, contact the Property Taxation Branch – property transfer tax enquiries – at: 250 387-0604, 1 888 355-2700 (Toll free), or ptteng@gov.bc.ca.

Who is liable to pay the tax?

All transferees are jointly and severally liable to pay property transfer tax under the existing Act and the additional tax is the same. For clarity this means that if a Canadian citizen or permanent resident has purchased a property with a foreign entity they are liable for the tax, even though it is only the interest of the foreign entity that is being taxed.

Questions:

Do we know what time the Minister will be announcing the changes? I need this so we can get the info out on the web, notify Land Titles and also let my teams know.

Do you have the Bill name and number yet – need it to link to it in the public info?

Re the LPIA – the SIN is going to be collected on the existing PTT form – does that need to go to Matt and David as well as the new one and do I need to explain to them how we use it now and what is new? Yes but word it like "In most circumstances Canadian transferees will provide their SIN as they are already required to do for some exemptions"

Ministry of Finance

Tax Information Sheet



ISSUED: July 2016

Information Sheet 2016-006

gov.bc.ca/propertytransfertax

Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District

Property Transfer Tax Act

Effective August 2, 2016, an additional property transfer tax applies to residential property transfers to foreign entities in the Greater Vancouver Regional District.

The Greater Vancouver Regional District includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and Township, Lion's Bay, Maple Ridge, New Westminister, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A. The additional tax does not apply to properties located on Tsawwassen First Nation lands.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

Foreign Entities

Foreign entities are transferees that are foreign nationals, foreign corporations or taxable trustees.

Foreign nationals are transferees who are not Canadian citizens or permanent residents, including stateless persons.

Foreign corporations are transferees that are corporations:

- not incorporated in Canada or
- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation.

Applying the Additional Tax

The additional tax on property transfers to foreign entities is 15% of the fair market value of the foreign entity's proportionate share of a residential property located in whole or in part in the Greater Vancouver Regional District, excluding Tsawwassen First Nation lands. This tax applies in addition to the general property transfer tax.

The additional tax does not apply to non-residential property. The value of the residential portion of a transfer is calculated in the same way as for the property transfer tax.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes transactions such as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

The additional tax does not apply to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.

Filing and Paying the Additional Tax

Filing the Return

Foreign entities registering a transfer, or their legal representative, must file an *Additional Property Transfer Tax Return (FIN 532)*. The return must be filed at the time the property transfer is registered with the Land Title Office. Filing instruction can be found on the return, or at gov.bc.ca/propertytransfertax on the **File Your Taxes** page.

Paying the Additional Tax

The additional tax must be paid with the general property transfer tax at the time the property transfer is registered with the Land Title Office.

Each transferee is jointly and severally liable for the additional tax payable. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

Tax Avoidance

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Where transactions involve Canadian citizens, the Canadian citizen's social insurance number must be collected and their identification verified against official government issued identification.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information will result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

Further Information

Online: gov.bc.ca/propertytransfertax

Toll free in BC: 1 888 355-2700

Email: pttenq@gov.bc.ca

Subscribe to our **What's New** page to receive email updates when information changes.

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

Intro notes for Section E:

Complete this section to apportion the value and calculate the additional tax for either farm properties that include residential property (please note: 0.5 ha of the land is taxable) or properties that have both residential and other uses.

“residential property” means any of the following:

- (a) land or improvements, or both, as defined in section 1 (1) of the *Assessment Act*, that are described as class 1 property in section 1 of the Prescribed Classes of Property Regulation, B.C. Reg. 438/81, but does not include prescribed land or improvements;
- (b) an area of land, not including improvements, that
 - (i) is not larger than 0.5 ha in area, and
 - (ii) is classified as a farm under the *Assessment Act* only because the land is used for
 - (A) an owner’s dwelling as defined in section 23 (0.1) of the *Assessment Act*, or
 - (B) a farmer’s dwelling as defined in section 1 (1) of the Classification of Land as a Farm Regulation, B.C. Reg. 411/95;

The Ministry of Finance has authorized a new Property Transfer Tax (PTT) Form (version 27) effective August 2nd, 2016. The updated form is due to introduction of the Additional Tax and is available for download through the Land Title and Survey Authority of BC (LTSA) website.

IMPORTANT: ONLY VERSION 27 OF THE PROPERTY TRANSFER TAX FORM WILL BE ACCEPTED EFFECTIVE August 2nd 2016

To facilitate the transition, if a Property Transfer Tax Form version 26 has been executed by the purchaser prior to August 2nd 2016, the Ministry of Finance has advised that it will be acceptable for the submitter to take the following steps:

1. Retain the executed Property Transfer Tax Form version 26. Do not submit this form.
2. Fill out and electronically sign a Property Transfer Tax form version 27 with the information contained in version 26, and include the new information required, as set out below. Version 26 does not need to be executed by the purchaser.
3. Submit the electronically signed Property Transfer Tax form version 27 to the land title office.

However, please be aware that the version 27 requires the SIN to be provided for all Canadian citizens and permanent residents, you must ensure that you have the correct SIN for each transferee and that it has been verified against other Government issued ID.

Effective August 2nd, if a transferee is liable for the Additional Tax (*link to info to be provided*) you must complete, execute and mail the Additional Property Transfer Tax form (*link to be provided*) to the address provided.

The following changes have been made to the Property Transfer Tax form:

Required Fields:

1. SIN – if the transferee is a Canadian citizen or permanent residence you must provide the SIN after verifying that it is correct against other Government issued ID.
2. Municipality – a new drop down menu has been added and you must select the correct municipality for the property.

For payment of the Additional Property Transfer Tax:

New field in Section I of v27

If any transferee is liable for the Additional Tax you must complete the Additional Property Transfer Tax form found here (*link to be provided*) and enter the tax calculated in Section E of that form into the new Additional Property Transfer Tax payable field in Section I of v27 of the Property Transfer Tax form. This will automatically calculate the total tax payable in the existing field and ensure the correct amount of tax is withdrawn from the trust account.

If you encounter any issues with completing the Property Transfer Tax form, please contact the Ministry of Finance Property Transfer Tax Helpline at 1-888-355-2700 (toll free within Canada), or visit the Province's Property Transfer Tax website(*link is external*) for more information.

PROPERTY TRANSFER TAX

JULY 25TH 2016

CHANGES TO PTT ACT

- ▶ New tax introduced – the “additional tax”
- ▶ Announced today but effective from August 2nd
- ▶ On specific taxpayers and properties:
 - Residential property
 - In Metro Vancouver
 - Purchased by foreign entities
- ▶ Tax rate is 15%
 - Payable in addition to the basic PTT
 - Will be paid at registration
- ▶ New form
 - Initially will be completed and mailed to PTT.

Similarities to PTT

- ▶ Payable on the fair market value at the date of registration.
- ▶ Transferees taxed on share they acquire.

Differences

- ▶ No exemption for:

- Transfer to survivor of a joint tenancy (08)
- Change in trustee (26)
- Amalgamations (38)

Note – these transactions will still be exempt for PTT purposes just not the additional tax.

- ▶ No refunds:

- For FTH and ex 49 if one transferee is a foreign entity they will pay the tax and cannot get a refund of the additional tax. The refund for PTT still applies

Differences cont'd

- ▶ Properties with mixed classes:
 - Non-residential improvements are not taxable so the value will be apportioned as it is for principal residence exemptions **but tax is paid on the residential improvements.**
 - If farm with residential classes they will pay tax on the residence and 0.5ha.
 - Note – if all residential and land is over 0.5ha it is all taxable.

Trusts

- ▶ If the trustee is a foreign entity the transaction is fully taxable on the share the trust acquired.
- ▶ If the trustee is Canadian but just one of the beneficiaries is a foreign entity it is fully taxable on the share the trust acquired.

Forms

- ▶ The existing PTT form is being altered to add a box for the additional tax.
- ▶ That amount will be automatically added to the “Tax Payable” box.
- ▶ There is a new form for the additional tax.
- ▶ The new form will be completed by the transferee(s) liable to pay the tax – one form per transfer like the existing one.
- ▶ The additional tax will be calculated on the new form and then added to the new box on the PTT form.

Forms cont'd

- ▶ If a transferee is a Canadian citizen or permanent resident they will have to provide their SIN.
- ▶ That field will be mandatory if they tick YES to the question on the PTT form.

Companies

- ▶ Will be taxable if:
 - Not incorporated in Canada
 - Incorporated in Canada but controlled by foreign entities.

Email communication to legal professional associations:

The government announced a new additional property transfer tax on residential property transfers to foreign entities in the Greater Vancouver Regional District.

Attached is our *Tax Information Sheet* containing important information for the legal profession and conveyancers who file property transfer tax (PTT) returns at the Land Title Office.

Also attached is a new *Additional Property Transfer Tax Return* that must be completed when any transferee is a foreign entity. This form is available on our [website](#) and also on [MyLTSA](#).

An updated PTT return (V27) ~~is~~ ^{will be} available from the effective date of the change (August 2nd) on [MyLTSA](#) ~~that and will~~ includes a new field for any additional property transfer tax payable. Use the new *Additional Property Transfer Tax Return* to calculate the total additional tax payable, then transfer that amount to the new field on V27 of the PTT return. The PTT return will automatically add any additional tax payable to the total amount of PTT payable. Instructions for how to file and pay the new additional tax are also on our [File Your Taxes](#) page.

Formatted: Superscript

Collecting the Social Insurance Number for any Canadian transferee is now mandatory on the PTT return and must be confirmed for accuracy against other government issued identification such as a Canadian passport. The province is introducing ~~and will be enforcing~~ stringent non-compliance penalties and will be monitoring businesses and individuals filing incomplete or incorrect general or additional PTT returns.

We appreciate your support and assistance in distributing this information within your organization and ~~or~~ to your members.

Further Information

- Online: gov.bc.ca/propertytransfertax
- Toll free in Canada: 1 888 355-2700
- Email: ptteng@gov.bc.ca
- Subscribe to our [What's New](#) page to receive email updates when information changes.

Thank you.

[Outreach signature block]

{Attachments – FIN 532, Additional Property Transfer Tax Return; Information Sheet 2016-006, Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District – get these PDFs from Danna or Lisa}

July 7th

add em up
Companies Control - no. of shares owned by FN - does that give them control.

Would need access to share register.
|| Can we ask CRA? - Talk to ITB.

Contracts already written prior to July 26 and completed by Aug 3rd.

Joint & Severally liable - "transferee" can be all transferees so they are all liable. Jointly & severally in bundling provisions.

Do we want Canadian transferees liable? Or is it just a collection issue? Yes -

~~Yes - who we put~~

Decision Make them J & S liable as we cannot collect from FN, they have to exercise caution if buying with a FN.

Exemptions - yes but we need to audit them.

Beneficiaries - how do we value their share - income from prop v capital asset e.g. - Put the value

on the transfer to back up how they apportioned it.

Decision

We will check value declared for PTT & if surtax dec is lower ~~at~~ (esp trusts) audit & establish how they came up with the beneficial interest value.

Anti avoidance

Series of transactions -

One is targeted at specific actions which target avoiding the tax rather than a GAR.

e.g. someone looks for a trust that is already set up & uses that trust.

Series may work OK but someone could add a couple of steps (e.g. set up a company, ~~be~~) to avoid the tax so we can focus in.

Decision

Talked back round to GAR provision.

July 11th

Drafting.

Trust. - basic premise - one FE trustee
or FE beneficiary - taxable.
Transferee - all proportionate shares.

No tax
Tax
Cdn trustees share.
Tax
Tax
Tax

Cdn.

← Cdn trustee - look @ beneficiaries ^{one} ~~at~~ FE
1 FE bene. rules out the whole
trust.

- FE - (not a trustee)

- FE Trustee. 2.02(2)

- 2 trustees ~~with~~ ^{one} FE
one ~~to~~ Cdn.

taxable

Only look @ beneficiaries when trustee
is Canadian.

What if 50% Cdn und. 50% FE trustees
- tax on proportionate shares.

Transition a) bundling
Splits - OK. as FE would be taxed
anyway.

b) Subdivision.

Additional ~~to~~ surtax payable on FE
of subdivision falls.

To be decided. need drafting
instructions.

Beneficiaries

Residential Property
owners dwelling & farmers dwelling
are different.

Taxable on ~~to~~ 0.5 hectare -
reverse of the exemptions
now (PTH & prin residence)

"Specified area"

SH. not all now rather than exclude
DJ. & PF - not so sure.

Timing of value

On the date of registration - not
"immediately after registration"
Stay consistent.

s.13

2.03(1)

Taxable transaction

Taxable amount

GST rd of Canadian then share
of FMV that is non FC
then apportion.

* (have to check calculations in the
form.) "in the draft"

Page 1

2.02 - one return.

July 11th

Use "the transferee" to mean one form needed.

Now worded the same as the original legislation so should be O.K.

"Someone has to file a return
"collectively"

Transitional s39.

s.13

'Written instrument' - does it include court order,

(2) July 26 - means July 25 back.
Go to Aug. 3rd as Aug 1 is a
Stat.

Page 1

(3) On or after 25th.

Get a day to assign! Don't want it to be retroactive.

// Written agreement - just read estate contracts??
Confirm this with Steve and Duncan.

Anti-avoidance

Need an assessment bit.

Transition again

A lot of them - does it affect old transactions if they keep changing.
Can set up rules so each change is ~~the~~ 'new' and discrete.

Shrading Munic. Boundaries

Include them if one bit is in

Collections

Aaron has considered this - doesn't think any changes need making.

Questions from ~~draft~~ PLCS

Are we O.K. with FAV being consideration paid?

Yes

July 13th.

How do we find trusts? Not always registered as trustees - bare trusts / partnerships.

Deal with on the form -

~~Are you?~~ Is the transferee holding the property trust?

Are there any FE trustees.

Ask for trust doc, partnership agreement.

+ Stops them just putting Canadian Trustee on title.

Beneficiaries - have to have a beneficial interest in the property (by est counted if their only interest is income from another property)

De Minimis - Hotels (residential class for managers suite) leave & see if it is a problem.

But want to catch B+B's if they are going to live there.

Def of Residential property -
"meets the requirements" of class rather than "expressed as" - will

prevent problems with change of use.

Exemptions - most but

- to
26
- 14(3)(m) - Survivorship of joint tenants
 - 14(4)(g) - Change in trustees.
 - 14(4)(u) - Amalgamations

Exempt ~~use~~ for PTT - taxable for Surtax

Check

s.13

Transition - file agreement so we can check dates / determine accuracy.

Check Penalties.

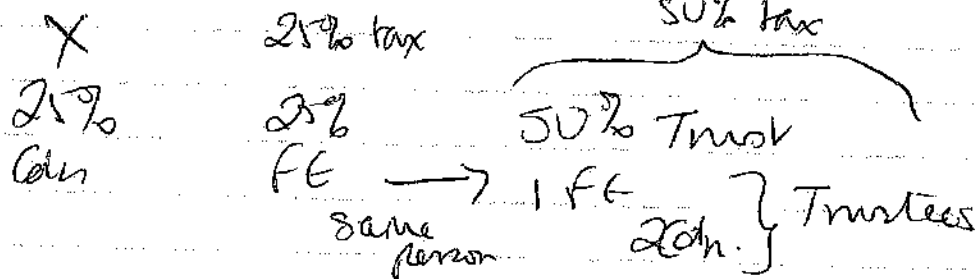
s.13

July 14th

5.2.0 presented Prop Reg. describes does not
(a) define residential - does it get what
we want.

s.13

Interest ~~as~~ more than one ~~part~~ entity.



2.04 (2) related transactions -
widely understood under common
law.

"Misuse or
No ~~misuse~~" clause in the GAR
- e.g. take advantage of an
exception then clawing back
e.g. foreign trustee → Cdn → back
but we catch that in denying
Ex 26.

May cause issues (Ted)

14(3)(1)(i)
14(4)(K)(ii)

s37(21)(f)

 If we decided to exempt & FN's
self reported & paid tax in BC
(Chk FTH) can they be exempted
as a "class"

2.45 Email from Paul → Flanagan
Minister decision - No to extra time
to file.

Discussion around - is the
trustee exempt or is the
transaction exempt.

PACS
What's New Page
Leagues/Measures List.

Problems

Tell to Glen so she can brief Athome

- Minister wants LTSA involved
- at date of registration.

LTSA - Can have one week to get ready
So commencement would be
Aug 2nd.

|| We can still get them to pay at the
date of registration. and from
Aug 2nd.

Move to requirement to pay @
LTSA - Very expensive, need more
people involved.

Does include:
University Endowment Lands.

Individual - valid name, but 'no'
they have to fill out addn'l tax
box

Notes for lawyers for manual form.
fill out if:

Trusts } if Canadian
Companies. } can they put
in zero \$

Exemptions.

Individuals & corps on one trans?

" will call on the form

Corps - on manual form.

Ask LTSA - ~~ee~~ walk ins - can they
ask if AV's are involved & if so
advise them to go to a lawyer.

Date July 7/16.

Tax Project - Hilary Vance Harley

Metro Vancouver - Bawasan except
What is covered?

Tax: 15% on top of PTT

Title: SUR TAX, Foreign PTT

1 FORM: Return.

WEB:

30 days from time they register
with Land Title to submit + pay

Transitional Revision: not clear yet.

Who liable: individual that is a
foreign national, ^{IF} partnership/
partner required to pay. Foreign
TRUST still pay. TRUSTEE / Benef.
still pay portion for foreign individual

Company Foreign will still pay
LNG could provide for clarity

6 year audit period.

1st Time Home Buyers? Yes

Legal Professions.

2016-005

See Info Sheet PTT, PTT Return.

Date

Out Reach: Darren similar to budget

Date: Go Live - No

Property info

Who Buying

Trust Info - Benef. info

Company info.

~~NO~~ No terms info or allegations

Principle Res calc

Fillable + Calcs

Residential or mixed use (res part)

Mandatory fields. - can I or HPAS

BILL Passing - Link in WEB Content

s.15

Tim Lee - 6 encrypted flash drives

PI, REV D11

Drafts back / forth with flash drive

ADD to Instruction Guide 579 ^(*) 
Form is FIN 530.

Lawyers to fill out

Link form in info sheet.

No SIN (PIA req'd).

Timelines

July 12 Update

→ Transitional Provision

s.13

Go Live - July 26 but announced
on July 25

signed agreement on or before
July 25 they need to register
at Land Titles before Aug. 3rd
Agreement of Sale must be signed
by all parties.

Commercial / Residential mix still being
decided.

Pre-Sold - Hilary checking.

Date

Could be posted on Land Title Office $\Rightarrow$ Ideally, posted on the forms page. Would be a link to the form on our website.

KL - Add to Glossary.

July 18 Update

PAID ^{thru} LTSA + HPAS.

Fixing existing form few new fields.

Effective Date: Aug 2nd

Instructions How to fill out the form
Update FIN 530 to add surtax component.

HPAS involved

Take a look at FIN 579S

DM Priorities Audit + Compliance

- 4 new PTB Staff
- full audit PTB team.
- Q + A's. - citizenship + SIN #
Audit side.

DRAFT Act.

INFO SHEET

EMAIL Communication. to Lawyers

Draft WEB PAGES

Form - almost ready draft
~~Web Pages~~ What's New

FIN 530.

Date

Form

Additional Supporting Document
may be required.

July 15 Update with Hilary

Minister being briefed this A.M.

confirm
title

Exemptions - a survivor of a
joint tenant - if joint tenant is a
foreign national, the foreign national
will pay the surtax.

Trustee - still taxable if trust doesn't
change.

Amalgamations - if foreign national gains
interest, taxable.

Subdivisions - Hilary still needs to check.

(*) Is the transferee holding the property
in trust for anyone else

(*) Are there any foreign ~~and~~ national
in the trust?

Supporting Docs:

Date

Trust or Partnership Agreement

Transitional Rules

- 30 days

s.13

- July 25 to July 26 start date.

Outreach

- Day of - Is the list of lawyers contact info updated? Hilary going to double check

(PTT What's New - Similar to Budget. As soon as news released but can be late early Tuesday

* LOG CALL with HPAS Next Week

Date

Monday

AM - Call Martha - or before
(FRIDAY HEADS UP + WHO'S
HERE MONDAY?)

→ Special release AMAN
Approve

- got permission to talk to HPAS - LTSA.

- main go thru LTSA

- Aug 2/16

- need instructions for how to fill out form

- updating PTT form thru LTSA and surtax

- still need other forms

- FIN 579?

- Ask for memo.

- Outreach - draft email

- nice if form goes on July 25, but PTT in Aug 2nd.

s.22

Ministry of Finance

Tax Information Sheet



ISSUED: July 2016 REVISED: July 27, 2016

Information Sheet 2016-006

gov.bc.ca/propertytransfertax

Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District

Property Transfer Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this information sheet dated July 2016. For a summary of the changes, see Latest Revision on Page 4.

Effective August 2, 2016, an additional property transfer tax applies to residential property transfers to foreign entities in the Greater Vancouver Regional District.

The Greater Vancouver Regional District includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and Township, Lion's Bay, Maple Ridge, New Westminister, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A. The additional tax does not apply to properties located on Tsawwassen First Nation lands.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

Foreign Entities

Foreign entities are transferees that are foreign nationals, foreign corporations or taxable trustees.

Foreign nationals are transferees who are not Canadian citizens or permanent residents, including stateless persons.

Foreign corporations are transferees that are corporations:

- not incorporated in Canada or
- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

Taxable trustees are trustees that are a foreign national or foreign corporation, or a beneficiary of a trust that is a foreign national or foreign corporation.

Applying the Additional Tax

The additional tax on property transfers to foreign entities is 15% of the fair market value of the foreign entity's proportionate share of a residential property located in whole or in part in the Greater Vancouver Regional District, excluding Tsawwassen First Nation lands. This tax applies in addition to the general property transfer tax.

The additional tax does not apply to non-residential property. The value of the residential portion of a transfer is calculated in the same way as for the property transfer tax.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes transactions such as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

The additional tax does not apply to trusts that are mutual fund trusts, real estate investment trusts or specified investment flow-through trusts.

Filing and Paying the Additional Tax

Filing the Return

Foreign entities registering a transfer, or their legal representative, must file an *Additional Property Transfer Tax Return (FIN 532)*. The return must be filed at the time the property transfer is registered with the Land Title Office. Filing instruction can be found on the return, or at gov.bc.ca/propertytransfertax on the **File Your Taxes** page.

Paying the Additional Tax

The additional tax must be paid with the general property transfer tax at the time the property transfer is registered with the Land Title Office.

Each transferee is jointly and severally liable for the additional tax payable. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

Tax Avoidance

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Where transactions involve Canadian citizens and permanent residents their identity must be verified using official government issued identification. The social insurance number (SIN) must be collected and verified to be that of the transferee by viewing the SIN card and comparing the name or by viewing one of the following:

- T4 Statement of Remuneration Paid (slip)
- Canada Revenue Agency Notice of Assessment

Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information may result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison. The penalties apply to anyone who participates in tax avoidance.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

Further Information

Online: gov.bc.ca/propertytransfertax

Toll free in BC: 1 888 355-2700

Email: pttenq@gov.bc.ca

Subscribe to our **What's New** page to receive email updates when information changes.

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

Latest Revision

July 27, 2016

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Ministry of Finance

Tax Information Sheet



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- incorporated in Canada, but controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange

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BRITISH
COLUMBIA

Ministry of
Finance

Property Transfer Tax Inquiries

Victoria: 250 387-0604

Vancouver: 604 660-2421

Toll-free: 1 888 355-2700

gov.bc.ca/propertytransfertax

**ADDITIONAL PROPERTY
TRANSFER TAX RETURN**

under the *Property Transfer Tax
Amendment Act, 2016*

INSTRUCTIONS

- Complete this form if you are a foreign entity registering a transfer of residential property located in the Greater Vancouver Regional District.
- You must pay the additional tax and your property transfer tax when you register the property transfer with the Land Title Office.
- Send this completed form the same day you register the property transfer to the Ministry of Finance, Property Transfer Tax, PO Box 9427 Stn Prov Govt, Victoria BC V8W 9V1.

- See **Information Sheet 2016-006, Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District** for more information.
- If you need more space to complete the form, attach additional pages.
- All transactions will be audited.

Freedom of Information and Protection of Privacy Act (FOIPPA) The personal information on this form is collected for the purpose of administering the *Property Transfer Tax Act* under the authority of section 26(a) of the FOIPPA. Questions about the collection or use of this information can be directed to the Director, Property Transfer Tax, PO Box 9427 Stn Prov Govt, Victoria, BC V8W 9V6 (telephone: Victoria at 250 387-0604 or toll-free at 1 888 355-2700).

FOR OFFICE USE
REGISTRATION DATE
PROPERTY TAX RETURN NUMBER

A. PURCHASER / TRANSFEREE – List all purchasers acquiring an interest in the property with this transaction

Number of purchasers acquiring an interest in the property with this transaction _____

As transferee, are you holding this property in a trust for others? YES ☐ NO ☐ If **YES**, attach the trust or any other relevant documents

If you require more space and have attached pages, check (✓) here ☐

PURCHASER 1		COUNTRY OF CITIZENSHIP	
Individual ☐ Corporation ☐ Other ☐			
PURCHASER 1 – LAST NAME / CORPORATION NAME		FIRST NAME	MIDDLE INITIAL
			BIRTH DATE YYYY / MM / DD
MAILING ADDRESS (include street or PO box, city, province/state/territory and country)			POSTAL CODE / ZIP CODE

Percentage interest acquired _____ % On the date of registration, are you a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*? YES ☐ NO ☐

PURCHASER 2		COUNTRY OF CITIZENSHIP	
Individual ☐ Corporation ☐ Other ☐			
PURCHASER 2 – LAST NAME / CORPORATION NAME		FIRST NAME	MIDDLE INITIAL
			BIRTH DATE YYYY / MM / DD
MAILING ADDRESS (include street or PO box, city, province/state/territory and country)			POSTAL CODE / ZIP CODE

Percentage interest acquired _____ % On the date of registration, are you a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*? YES ☐ NO ☐

B. CONTACT NAME AND MAILING ADDRESS (if different)

LAST NAME	FIRST NAME	MIDDLE INITIAL	TELEPHONE NUMBER
MAILING ADDRESS (include street or PO box, city, province/state/territory and country)			POSTAL CODE / ZIP CODE

C. VENDOR / TRANSFEROR

LAST NAME / CORPORATION NAME	FIRST NAME	MIDDLE INITIAL
LAST NAME / CORPORATION NAME	FIRST NAME	MIDDLE INITIAL

D. DESCRIPTION OF PROPERTY AND TRANSFER1. DATE OF REGISTRATION WITH LAND TITLE OFFICE
YYYY / MM / DD

2. TRANSFER TO

3. PROPERTY TYPE

4. TRANSACTION TYPE

5. PARCEL IDENTIFIER NUMBER (PID)

6. LEGAL DESCRIPTION

7. CIVIC ADDRESS OF PROPERTY (include municipality)

E. ADDITIONAL PROPERTY TRANSFER TAX CALCULATION

Complete this section to determine the total additional tax payable. If the property is entirely classed as residential, complete E3, E8 to E10. For all other properties, complete as applicable.

1. Total value of all improvements \$ _____ E1

6. Value of residential improvement \$ _____ E6

2. Total value of land \$ _____ E2

7. Value of residential land \$ _____ E7

(from E5a or E5b)

3. Fair market value of property \$ _____ E3

8. Taxable amount (from E3, or E6

plus E7, if applicable) \$ _____ E8

4. Size of property in hectares _____ E4

– to convert square feet to hectares, multiply by 0.0000093
– to convert acres to hectares, divide by 2.471

9. Total percentage of ownership transferred _____ % E9

5a. If classified as mixed residential land, other than farm, enter the residential land value only, or \$ _____ E5a
(to E7)

10. Total taxable residence value \$ _____ E10
(E9 % of E8) (to Column B E11 & E12)

5b. If classified as farm land and property is larger than 0.5 hectares, then perform the following proportional land calculation

\$ _____ ÷ _____ X 0.5 = _____ E5b
(from E2) (from E4) (to E7)

Complete the table below for each purchaser acquiring an interest in the property. Attach additional pages if more space is required.

	PERCENTAGE OF OWNERSHIP TRANSFERRED A	TAXABLE RESIDENCE VALUE (from Line E10 above) B	ADDITIONAL PROPERTY TRANSFER TAX PAYABLE A x B x 15% = C
11. PURCHASER 1	%	\$	\$
12. PURCHASER 2	%	\$	\$

13. TOTAL ADDITIONAL PROPERTY TRANSFER TAX PAYABLE (Sum of Column C)

\$ _____ E13

(to 16b on Property Transfer Tax Return)

F. SUPPORTING DOCUMENTS – Must be attached
☐ Copy of the trust or partnership agreement (if applicable)
G. CERTIFICATION**IMPORTANT** – This portion of the return **must** be signed by the purchaser(s)/transferee(s)

I certify and declare that the information given in this return is complete and correct in all respects. I acknowledge that the penalties for tax avoidance or providing false information are the amount of unpaid tax, plus interest and a fine of up to \$200,000 and/or up to two years imprisonment.

PURCHASER 1 – SIGNATURE

TELEPHONE NUMBER

TELEPHONE NUMBER (DAYTIME)

DATE SIGNED
YYYY / MM / DD

X

PURCHASER 2 – SIGNATURE

TELEPHONE NUMBER

TELEPHONE NUMBER (DAYTIME)

DATE SIGNED
YYYY / MM / DD

X

CONSENT – I consent that the information provided on this return may be verified by accessing relevant records held by the Home Owner Grant Office, the Land Title and Survey Authority of British Columbia (LTSA), BC Assessment (BCA) and other sources as required. Updated property information is provided to the LTSA, BCA and Canada Revenue Agency.

PROPERTY TRANSFER
TAX RETURN

Freedom of Information and Protection of Privacy Act (FOIPPA) - The personal information on this form is collected for the purpose of administering the *Property Transfer Tax Act* under the authority of section 28(a) of the FOIPPA. Questions about the collection or use of this information can be directed to the Director, Property Transfer Tax, PO Box 9427 Stn Prov Govt, Victoria, BC V8W 9V1 (telephone: Victoria at 250 387-0604 or toll-free at 1 888 355-2700).

Is this a transfer of a bare trust? YES ☐ NO ☐

Are you claiming an exemption:

A. PURCHASER / TRANSFEREE – List all purchasers acquiring an interest in the property with this transaction

Purchaser 1 Individual ☐ Corporation ☐ Other ☐

Last name / Corporation name

Address (Apt. No., Street No./Name, PO Box, RR)

First name Initial City Province/Territory/State

Birth date YYYY / MM / DD

Social Insurance Number

Postal/Zip code

Country

Are you applying for the first time home buyers' or newly built home exemption? YES ☐ NO ☐

Previous address for the last two years (Apt. No., Street No./Name, PO Box, RR)

Percentage interest acquired %

City Province/Territory/State

On the date of registration, are you a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*? YES ☐ NO ☐

Postal/Zip code

Country

Country of citizenship

If you have not continuously resided in BC for at least one year prior to the registration date, list any two years that you filed income tax returns as a BC resident during the six years before the date of registration.

Purchaser 2 Individual ☐ Corporation ☐ Other ☐

Last name / Corporation name

Address (Apt. No., Street No./Name, PO Box, RR)

First name Initial City Province/Territory/State

Birth date YYYY / MM / DD

Social Insurance Number

Postal/Zip code

Country

Are you applying for the first time home buyers' or newly built home exemption? YES ☐ NO ☐

Previous address for the last two years (Apt. No., Street No./Name, PO Box, RR)

Percentage interest acquired %

City Province/Territory/State

On the date of registration, are you a Canadian citizen or a permanent resident as defined in the *Immigration and Refugee Protection Act (Canada)*? YES ☐ NO ☐

Postal/Zip code

Country

Country of citizenship

If you have not continuously resided in BC for at least one year prior to the registration date, list any two years that you filed income tax returns as a BC resident during the six years before the date of registration.

B. CONTACT NAME AND MAILING ADDRESS (if different)

Contact name

Mailing address (Apt. No., Street No./Name, PO Box, RR)

City Province/Territory/State

Postal/Zip code Country

Telephone number

C. VENDOR / TRANSFEROR

Last name / Corporation name

First name Initial

Last name / Corporation name

First name Initial

D. DESCRIPTION OF PROPERTY AND TRANSFER

1. Date of completion of transaction

YYYY / MM / DD

Date of interim agreement or contract

YYYY / MM / DD

2. Transfer of

3. Property type

4. Transaction type

5. Parcel Identifier Number (PID)

6. Legal description

7. Civic address of property

Municipality

8. What percentage interest in this property is being transferred in this transaction? %

E. TERMS

1. Cash \$
2. Financing \$
3. Other consideration paid or property taken in trade (provide details): \$
4. **GROSS PURCHASE PRICE** (total of E1, E2, and E3) \$

5. If the terms of this transaction include property taken in trade (E3), identify the property by providing the following:

Address

Parcel Identifier Number (PID)

Legal description

6. Name and branch number of lender

F. ALLOCATION OF GROSS PURCHASE PRICE (NON-RESIDENTIAL PROPERTIES ONLY)

1. Real property (land and buildings) \$
2. Chattels \$
3. Fixtures \$
4. Goodwill, quotas and other intangibles \$
5. Other – describe \$
6. **GROSS PURCHASE PRICE** \$

Note: F1 and F3 are subject to property transfer tax unless provincial sales tax has been paid under the Provincial Sales Tax Act. Property transfer tax may or may not apply to F4 and F5.

G. ADDITIONAL INFORMATION

1. Lease term (including any renewals)
2. Charitable Registration Number
3. Advance Tax Ruling Number (if applicable)
4. Jurisdiction and section
5. Order in Council Number
6. Separation Agreement or Court Order YES ☐
7. What is the relationship to transferor/settlor?
8. Provide the name of the person farming the land and the relationship of that person to the transferor and transferee
9. What type of farming activity?
10. Is all or any part of the property being leased? YES ☐ NO ☐
11. What is the relationship between the transferee and the deceased?
12. Who resided on the property immediately prior to the death of the deceased?
13. Who resides on the property?
14. For how long? years: months:
15. Is there more than one improvement on the property (e.g., 2 houses, or house and mobile home, etc.)? YES ☐ NO ☐
If YES, how many?
16. Do the improvements contain a commercial portion? YES ☐ NO ☐
If YES, will it continue to be used as commercial?
YES ☐ NO ☐ UNKNOWN ☐

H. PROPORTIONAL PRINCIPAL RESIDENCE CALCULATION

- 1a. Is the property larger than 0.5 hectares (1.24 acres)? YES ☐ NO ☐
Size of property Units
- b. Are the improvements entirely residential? YES ☐ NO ☐
2. Value of improvements \$
3. Value of land \$
4. Fair market value of property \$
5. Size of property in hectares
6. Value of residential improvement \$
7. Land value portion eligible for exemption \$
8. Amount exempt from tax \$
9. Value of home and land \$
10. Percentage of ownership transferred %
11. Total percentage ownership being transferred to those claiming tax exemption %
12. Partial exemption \$
13. **PRINCIPAL RESIDENCE VALUE** \$

I. PROPERTY TRANSFER TAX CALCULATION

1. Fair market value of property \$
2. Fair market value of property or interest in property transferring \$
3. Tax exemption amount \$
4. Fair market value exempt amount \$
5. Taxable amount \$

6a. **PROPERTY TRANSFER TAX PAYABLE** \$b. **ADDITIONAL TAX PAYABLE** – Enter \$
amount from Section E of the *Additional Property Transfer Tax Return (FIN 532)*

7. If the gross purchase price differs from the fair market value, select the reason for the difference

If the reason is "Other", provide a brief explanation

J. FUNDS TRANSFER AUTHORIZATION

Account name

Account owner

Authorized submitter

Payment to be made by journal voucher? YES ☐

By application of my electronic signature, I certify that the transferee has signed and been provided with the original or a copy of this return and I authorize transfer of the amount indicated as property transfer tax payable to the Minister of Finance on behalf of the listed purchaser(s)/transferee(s).

IMPORTANT – This portion of the return must be signed by the purchaser(s)/transferee(s)

I certify that the information given in this return is complete and correct in all respects.

PURCHASER 1 - SIGNATURE	TELEPHONE NUMBER	TELEPHONE NUMBER (DAYTIME)	DATE SIGNED YYYY	MM	DD
X					
PURCHASER 2 - SIGNATURE	TELEPHONE NUMBER	TELEPHONE NUMBER (DAYTIME)	DATE SIGNED YYYY	MM	DD
X					

CONSENT – I consent that the information provided on this return may be verified by accessing relevant records held by the Insurance Corporation of British Columbia, the Home Owner Grant Office, BC Hydro, the Land Title and Survey Authority of British Columbia (LTSA), BC Assessment (BCA) and other sources as required. Updated property information is provided to the LTSA, BCA and Canada Revenue Agency.

Before completing the declaration and signing, please ensure you read and understand the qualifications for the exemption and the first year requirements, as explained in the *Guide to the First Time Home Buyers' Program*.

DECLARATION – Complete the following four questions **only** if you are applying for the First Time Home Buyers' Exemption**Penalty for False Declaration** – if you make a false declaration, you will be charged an amount equal to double the tax (the tax you owe plus a penalty equal to the exemption you claimed).

	Purchaser 1	Purchaser 2
1. Have you owned an interest in a principal residence (where you lived) anywhere in the world at any time?	☐ YES ☐ NO	☐ YES ☐ NO
2. Have you ever received a BC first time home buyers' exemption or refund?	☐ YES ☐ NO	☐ YES ☐ NO
3. On the date of registration, are you a Canadian citizen or a permanent resident as defined in the <i>Immigration and Refugee Protection Act (Canada)</i> ?	☐ YES ☐ NO	☐ YES ☐ NO
4. Have you continuously resided in BC for at least one year immediately prior to the registration date OR filed two income tax returns as a BC resident during the six years before the date of registration?	☐ YES ☐ NO	☐ YES ☐ NO

ALL PURCHASER(S)/TRANSFEE(S) – I certify and declare that the information given in this return is complete and correct in all respects.

PURCHASER 1 - SIGNATURE	TELEPHONE NUMBER	TELEPHONE NUMBER (DAYTIME)	DATE SIGNED YYYY	MM	DD
X					
PURCHASER 2 - SIGNATURE	TELEPHONE NUMBER	TELEPHONE NUMBER (DAYTIME)	DATE SIGNED YYYY	MM	DD
X					

CONSENT – I consent that the information provided on this return may be verified by accessing relevant records held by the Insurance Corporation of British Columbia, the Home Owner Grant Office, BC Hydro, the Land Title and Survey Authority of British Columbia (LTSA), BC Assessment (BCA) and other sources as required. Updated property information is provided to the LTSA, BCA and Canada Revenue Agency.

http://www.sbr.gov.bc.ca/msbr/whats_new/property_taxes/whatsnew.htm



**What's New
Property Taxes Section - 2016**

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Each time we change the information on our website, we record that change on this page. This lets you see at a glance what changes have been made.

You will need [Acrobat Reader](#) installed on your computer to view some of these files, which are in PDF. Acrobat Reader is available as a free download for use on your personal or office computer.

Select a month:

[Dec] [Nov] [Oct] [Sep] [Aug] [Jul] [Jun] [May] [Apr] [Mar] [Feb] [Jan]

July

July 25, 2016

Additional Property Transfer Tax Introduced

The provincial government announced a new additional property transfer tax on purchases and transfers of residential properties made by foreign nationals and foreign corporations in the Greater Vancouver Regional District.

Read the details in **Information Sheet 2016-006**, *Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District*.

Page Title:	Property Transfer Tax
Navigation Title:	Property Transfer Tax
Friendly URL Part:	Property-transfer-tax

Keywords: property transfer tax, fair market value, exemption, land title office, first time home buyers tax, fee simple, lease modification, right to purchase, crown grant, corporate reorganisation, foreclosure, forfeiture, escheat, quit claim, additional property transfer taxes

Description: When you purchase or gain an interest in property that is registered at the Land Title Office, you need to pay property transfer tax.


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- Understand Your Taxes
- File Your Taxes
- Pay Your Assessment
- Audits
- Appeals

When you purchase or gain an interest in property that is registered at the Land Title Office, you're responsible for paying property transfer tax.

- transfer of fee simple
- right to purchase or agreement for sale.
- lease or lease modification agreements
- life estate
- foreclosure
- Crown grant
- escheat, forfeiture or quit claim
- transfer as a result of corporate reorganization

If you're a foreign national or foreign corporation, you also pay this additional property transfer tax on residential property transfers within the Greater Vancouver Regional District.

Find out about recent property transfer tax the changes announced in the 2016 Provincial Budget.

- Additional tax on residential property transfers to foreign entities (PDT)
- Additional property transfer tax return (PDT)
- Tax rate changes
- Newly built home exemption

Comment [KML4]: Link to info sheet

Comment (KMLS): Link to new form
FIN 532

You may qualify to reduce the amount of tax you need to pay if:

- you're purchasing your first home, or
- you're purchasing a newly built home

Comment [KHL]: link to glossary.

Comment [KM2]: Link to glossary

Dominoes [KML3] is linked into Street.

- How do I calculate the tax?
- How does the tax apply to split transfers?
- Do I qualify for an exemption?
- How do I pay?

- Property Transfer Tax Act
- Property Transfer Tax Amendment Act, 2016
- Property Transfer Tax Regulation

Comment [JML6]: Link to Bill page at:

<https://www.bce.ca/fr/nr/Personele>
<https://regulation.gc.ca/en>
<https://www.parl.gc.ca/Document/Session/74/1st/House/Bills/2018/C-69/>
 ETC-2018-044

Find out what's new with property taxes

when information changes on our website.

Page Details

Page Title:	Understand Your Taxes
Navigation Title:	Understand Your Taxes
Friendly URL Part:	understand-your-taxes

Metadata

Keywords:	BC Property Transfer Tax, Market Value, Land and Improvements, Registered Interest, Land Transfer Tax, BC Transfer Tax, Open Market Purchases, Non-Open Market, Life Estate, Pre-Sold Strata Unit, Change Property Title, First Time Home Buyers, <u>Additional Property Transfer Tax</u>
Description:	Understand Property Transfer Tax, Tax Based On Market Value And Improvements, Date Of Registration, Registered Interest, Right to Purchase, Life Estate, Open Market



[Home](#) | [Taxes & Tax Credits](#) | [Property Taxes](#) | [Property Transfer Tax](#)

Understand Your Taxes

- Exemptions
- First Time Home Buyers
- File Your Taxes
- Pay Your Assessment
- Audits
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Understand Your Taxes

You are charged property transfer tax when you make changes to a property's title, including:

- acquiring a registered interest in the property
- gaining an additional registered interest in the property
- becoming the registered holder of a lease, life estate, or right to purchase for the property

The amount of tax you pay is based on the fair market value of the land and improvements (e.g. buildings) on the date of registration unless you purchase a pre-sold strata unit. The tax is charged at a rate of:

- 1% on the first \$200,000,
- 2% on the portion of the fair market value greater than \$200,000 and up to and including \$2,000,000, and
- 3% on the portion of the fair market value greater than \$2,000,000.

For example, if the fair market value of a property is \$450,000, the tax paid is \$7,000.

If you're a foreign individual or foreign corporation and the residential property is located in the Greater Vancouver Regional District, you also pay the 15% additional property transfer tax on the fair market value of your proportionate share.

Estimate Tax Payable

[\[insert updated calculator\]](#)

If you have registered a life estate for the property, you will be taxed based on your life expectancy. To calculate the taxable value of your property, multiply the property's fair market value by the percentage corresponding to your life estate term.

Fair Market Value

Fair market value is the price that would be paid by a willing purchaser to a willing seller for a property (land and improvements) in the open market on the date of registration.

Open Market Transfers

A property transfer is considered to be in the open market when anyone likely to be interested in purchasing the property can make an offer. For example, the seller lists the property with a realtor or advertises it for sale.

The purchase price is considered the fair market value in most cases as long as you register the property within a few months of signing the sales contract. Otherwise, you will need to verify that the purchase price is fair market value if:

- there was a significant change in value
- the condition of the property changed

Home Buyers

You may qualify to reduce the amount of tax you need to pay if:

- you're purchasing your first home, or
- you're purchasing a newly built home

Change Your Property Title

When you purchase or gain an interest in property, you need to register the change to the property title.

Notice of Assessment

If an audit determines you owe tax, you will receive a notice of assessment. You need to pay the balance shown on the notice to avoid additional interest.

If you disagree with the notice of assessment, you can file an appeal.

Useful Contacts

Phone

- 1 866 355-2700 (Toll free)
- 250 387-0604 (Victoria)

Email

pttenc@gov.bc.ca

- [Comment \[KML1\]: link to glossary home](#)
- [Comment \[KML2\]: link to glossary term](#)
- [Comment \[KML3\]: link to life estate](#)

- you didn't purchase the property in the open market

Non-Open Market Transfers

When a property transfer doesn't take place in the open market, fair market value may be determined using other means such as:

- a recent independent appraisal; or
- the property valuation provided by BC Assessment

Generally, the property valuation provided by BC Assessment reflects your property's fair market value as of July 1 of the previous year. For example, the ~~2014~~2016 roll value reflects market conditions at July 1, ~~2014~~2015. This means that the assessed value may not reflect the current fair market value of your property.

The current property valuation provided by BC Assessment can't be used in certain cases, such as when:

- changes have been made to the property (e.g. rezoning) since the assessment
- market conditions in the area of the property have changed since the assessment
- the land is classified as farm land (class 9)
- new or additional construction has been completed

Page Details

Page Title: Newly Built Home Exemption
Navigation Title: Newly Built Home Exemption
Friendly URL Path: newly-built-home-exemption

Metadata

Keywords: Newly built home; newly constructed home; property transfer tax exemption; exemption code 49; full or partial exemption

Description: Qualify for the Newly Built Home Exemption from Property Transfer Tax



- Understand Your Taxes
 - Exemptions
 - Newly Built Home Exemption**
 - Exemption Amounts
 - First Time Home Buyers
- File Your Taxes
 - Pay Your Assessment
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Newly Built Home Exemption

The **Newly Built Home Exemption** reduces or eliminates the amount of property transfer tax you pay when you purchase a newly built home.

A newly built home includes:

- a house constructed and affixed on a parcel of vacant land
- a new apartment in a newly built condominium building
- a manufactured home that is placed and affixed on a parcel of vacant land
- an already constructed house that is removed from one parcel of land and affixed to another parcel of vacant land, as long as the house hasn't been occupied since it was placed on the new parcel of vacant land
- a house resulting from the division of an existing improvement affixed to a parcel of land that was also subdivided, as long as this house hasn't been occupied since the subdivision of the parcel
- a house converted from an existing improvement on the land. The previous improvement couldn't have been used as residential (e.g. a warehouse converted into apartments).

If you **qualify** for the exemption, you may be eligible for either a full or partial exemption from the tax.

If you paid property transfer tax when you purchased vacant land and you now have a newly built home on the land, you may be **eligible for a refund** of the property transfer tax you paid.

The exemption doesn't apply to the **additional property transfer tax** on residential transfers to foreign nationals or foreign corporations.

Do I Qualify?

To qualify, the property (land and improvement) must be **registered** at the land title office after February 16, 2016 and you must be:

- an individual
- a **Canadian citizen** or **permanent resident** (you will be asked to provide your Social Insurance Number (SIN) and your birthdate)

and the property must:

- be located in B.C.
- only be used as your **principal residence**
- have a **fair market value** of \$750,000 or less
- be 0.5 hectares (1.24 acres) or smaller.

First Time Home Buyers

If you applied for the **First Time Home Buyers Program** after February 16, 2016, but want to apply for the **Newly Built Home Exemption** instead, contact us.

Help Centre

Resources

- Newly Built Home Application for Refund (PDF)**
- Instruction Guide for Completion of General, Special and Electronic Property Transfer Tax Returns (PDF)**

Glossary

- Canadian citizen**
- Permanent resident**
- Principal residence**

Useful Contacts

Phone

- 1 888 355-2700 (Toll free)
- 250 387-0604 (Victoria)

Email

atteng@gov.bc.ca

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You may qualify for a partial exemption, if the property:

- has a fair market value greater than \$750,000 and less than \$800,000
- is larger than 0.5 hectares
- has another building on the property other than the principal residence

Find out the amount of your exemption if you qualify.

If you don't qualify because you are not a Canadian citizen or permanent resident, but you become one within 12 months of when the property is registered, you may apply for a refund of the property transfer tax. However, if you're a foreign national or foreign corporation, you can't be refunded any additional property transfer tax you may have paid.

Comment [B0412]: Link to Info Sheet

Apply

To apply for the Newly Built Home Exemption, enter exemption code 49 on the Special Property Transfer Tax Return when the property is registered at a land title office.

Occupancy Requirements

After you have registered the property, you must meet occupancy requirements during the first year you own the property. To keep the tax exemption you must:

- move into your home within 92 days of the date the property was registered at the Land Title Office, and
- continue to occupy the property as your principal residence for the remainder of the first year.

You will receive a letter at the end of the first year to confirm you meet these requirements.

You may keep part of the exemption if you moved out before the end of the first year.

If the owner passed away, or the property is transferred because of a separation agreement or a court order under the Family Law Act before the end of the first year, the exemption may still apply.

Refund

If you qualify for the exemption, but didn't apply when you registered your home, you may apply for a refund.

Vacant Land

If you registered a vacant lot and paid the tax, you may apply for a refund if:

- you have a newly built home on the land;
- you meet the qualifications for the Newly Built Home Exemption;
- the fair market value of the land plus the cost of the newly built home is:
 - \$750,000 or less for a full exemption
 - \$800,000 or less for a partial exemption
- you moved into your home and continued to occupy the property as your principal residence for the remainder of the first year

If you move out before the end of the first year, you may be eligible for a partial refund of the tax you paid.

If the owner passed away, or the property is transferred because of a separation agreement or a court order under the Family Law Act before the end of the first year, you may still be eligible for a refund.

Apply for a refund

To apply for a refund, complete the Newly Built Home Application for Refund (PDF).

You must apply for a refund after the first anniversary of the registration date and within 18 months from the date you registered the property at the Land Title Office.

Page Details

Page Title:	First Time Home Buyers' Program
Navigation Title:	First Time Home Buyers
Friendly URL Part:	first-time-home-buyers

Metadata

Keywords:	BC First Time Home Buyers Program, BC Property Transfer Tax, Transfer Tax Exemptions, Land Tax Exemptions, Full or Partial Exemption, Qualify for Program, Penalty for False Declaration, First Year Ownership, Existing Home, Built New Home, Apply for Refund
Description:	Qualify for BC First Time Home Buyers Program, Transfer Tax Exemption, Reduce or Eliminate Property Transfer Tax, Full or Partial Exemptions, Apply for Refund



- Understand Your Taxes
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 - Exemption Amount
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First Time Home Buyers' Program

The First Time Home Buyers' Program reduces or eliminates the amount of property transfer tax you pay when you purchase your first home. If you qualify for the program, you may be eligible for either a full or partial exemption from the tax.

If one or more of the purchasers don't qualify, only the percentage of interest that the first time home buyer(s) have in the property is eligible.

For example, if you qualify and purchase a property with a fair market value of \$400,000 with a person who doesn't qualify, you would still qualify. If you owned a 60% interest in the property, 60% of the tax amount would be eligible for the exemption.

The exemption doesn't apply to the additional property transfer tax on residential transfers to foreign nationals or foreign corporations.

Do I Qualify?

To qualify for a full exemption, at the time the property is registered you must:

- be a [Canadian citizen](#) or [permanent resident](#)
- have lived in B.C. for 12 consecutive months immediately before the date you register the property or filed at least 2 income tax returns as a B.C. resident in the last 6 years
- have never owned an interest in a [principal residence](#) anywhere in the world at any time
- have never received a first time home buyers' exemption or refund

and the property must:

- be located in B.C.
- only be used as your [principal residence](#)
- have a [fair market value](#) of:
 - \$425,000 or less if registered on or before February 18, 2014, or
 - \$475,000 or less if registered on or after February 19, 2014
- be 0.5 hectares (1.24 acres) or smaller

You may qualify for a partial exemption from the tax if the property:

- has a [fair market value](#) less than:
 - \$450,000 if registered on or before February 18, 2014, or
 - \$500,000 if registered on or after February 19, 2014

Refund

If you qualify for the program, but didn't apply when you registered your home, you may apply for a [property transfer tax refund](#).

You must apply for a refund within 18 months from the date you registered the property.

To apply for a refund call us at (250) 387-0604.

[Comment \[KML1\]: Link to Info Sheet](#)

Newly Built Home Exemption

Frequently Asked Questions

- [Can I re-qualify as a first time home buyer?](#)
- [Do I qualify for the First Time Home Buyers' Program if I've owned a mobile home?](#)

Resources

- [Guide to the First Time Home Buyers' Program \(PDF\)](#)

Glossary

- [Canadian citizen](#)
- [Permanent resident](#)
- [Principal residence](#)

Help Centre

If your first home is considered a newly built home, you may qualify for the Newly Built Home Exemption.

[Back to top](#) [Home](#) [Contact Us](#) [Privacy Policy](#) [Accessibility](#)

- is larger than 0.5 hectares
- has another building on the property other than the principal residence

Find out the amount of your exemption if you qualify.

If you don't qualify because you are not a Canadian citizen or permanent resident, but you become one within 12 months of when the property is registered, you may apply for a refund of the property transfer tax. To apply for a property transfer tax refund in this case, call (250) 387-0604. However, if you're a foreign national or foreign corporation, you can't be refunded any additional property transfer tax you may have paid.

Apply

To apply for the First Time Home Buyers' Program you need to complete the First Time Home Buyers' Property Transfer Tax Return when you or your legal professional register the property transfer.

After you have applied you must meet additional requirements during the first year you own the property to keep the tax exemption.

Penalty for False Declaration

All applications are reviewed. You will be charged a penalty equal to double the tax if you falsely declare that:

- you have never owned an interest in a principal residence anywhere in the world at any time or
- you have never received a first time home buyers' exemption or refund

First Year of Ownership

At the end of the first year you own the property you will receive a letter. The letter is to conditionally confirm that you meet the occupancy and property value requirements after you:

- purchased an existing home or
- purchased vacant land and built a home

Existing Home

To keep the tax exemption you must have:

- moved into your home within 92 days of the date the property was registered
- continued to occupy the property as your principal residence for the remainder of the first year

You may keep part of the exemption if you moved out before the end of the first year.

If the owner passed away, or the property is transferred because of a separation agreement or a court order under the Family Law Act before the end of the first year, you still qualify to keep the tax exemption.

Built New Home

If you registered a vacant lot and built your own home, to keep the tax exemption:

- the fair market value of the land when you registered the property plus the cost to build your home must be:
 - \$450,000 or less if registered on or before February 18, 2014, or
 - \$500,000 or less if registered on or after February 19, 2014
- you must have built and moved into your home within 1 year of the date the property was registered
- you must have continued to occupy the property as your principal residence for the remainder of the first year

You may keep part of the exemption if you moved out before the end of the first year.

If the owner passed away, or the property is transferred because of a separation agreement or a court order under the Family Law Act before the end of the first year, you still qualify to keep the tax exemption.

for this exemption.

Useful Contacts

Phone

- 1 888 385-2700 (Toll free)
- 250 387-0604 (Victoria)

[Comment \[K1M12\]: Link to info sheet](#)

Email

ptteng@gov.bc.ca

Page Details

Page Title:	Pre-Sold Strata Unit
Navigation Title:	Pre-Sold Strata Unit
Friendly URL Part:	pre-sold-strata-unit

Metadata

Keywords:	Pre-Sold Strata Unit, Condo Unit, Condominium, Premium for Assignment, Upgrades, Additions, Transfer Right to Purchase, First Time Home Buyers Program, Related Individual, Non-Arm's Length Transfer
Description:	Pay Transfer Tax on Pre-Sold Strata Unit, Condo Unit, Premium for Assignment, Upgrades, Additions, Transfer Right to Purchase, First Time Home Buyers Program



- Understand Your Taxes
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Pre-Sold Strata Unit

When you purchase a condo unit on the open market well in advance of the completion of the building, you will generally only pay property transfer tax on the total amount you paid to acquire the property. The total amount includes any money paid for:

- upgrades or additions, or
- any other premium for assignment of a written agreement

You may transfer the right to purchase the property to a related individual (doesn't include brothers and sisters) before the property is registered at the Land Title Office without affecting the taxable amount.

If the right to purchase is transferred to someone that isn't a related individual, they will need to pay tax based on the fair market value of the property at the time the right was transferred.

This doesn't include bare land stratas.

If you're a foreign national or foreign corporation and the pre-sold strata unit is located in the Greater Vancouver Regional District, you pay the additional property transfer tax in addition to the property transfer tax.

First Time Home Buyers

If you are purchasing your first home, you may qualify to reduce the amount of tax you need to pay.

When you apply for the First Time Home Buyers Program the fair market value for the property is the total amount you paid to acquire the pre-sold strata unit.

Useful Contacts

Phone: 250-387-0604 (Victoria)
1-800-663-7867 (Toll-free)

If you call toll-free, ask to be transferred to 250-387-0604.

Email: pttong@bcov.bc.ca

- Comment [KML1]: Link to glossary term
- Comment [KML2]: Link to glossary term
- Comment [KML3]: Link to info sheet

Page Details

Page Title:	File Your Taxes
Navigation Title:	File Your Taxes
Friendly URL Part:	file

Metadata

Keywords:	File Property Transfer, Pay BC Transfer Tax, Register Property Transfer, Qualify for Exemption, Land Title Office, First Time Home Buyers, LTSA, Legal Professional, Notary, Service BC Centres, Notice Of Assessment
Description:	Register BC Property Transfer at Land Title Office, File Tax Return, Pay Transfer Tax, Pay Additional Property Transfer Tax, Qualify for Exemption, Special or General Tax Return, First Time Home Buyers



- Understand Your Taxes
- File Your Taxes**
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File Your Taxes

When you register an interest in a property you need to:

1. file a tax return
2. pay property transfer tax, including any additional property transfer tax payable by a foreign national or foreign corporation
3. send us a completed additional property transfer tax return, if applicable

Also Steps 1 and 2 must be completed together at a Land Title Office. In most cases, property transfers are completed by a legal professional.

Step 3 can be completed by you or your legal professional and must be mailed to the address on the form the same day the property transfer is registered at the Land Title Office.

File Your Tax Returns

Property Transfer Tax

When you register an interest in a property, you need to file one of the property transfer tax returns:

1. **General Tax Return**
Use when you are not a first time home buyer and not claiming an exemption.
2. **First Time Home Buyers' Tax Return**
Use when you are eligible for the First Time Home Buyers' Program.
3. **Special Tax Return**
Use when you are claiming an exemption.

As the person gaining a registered interest in the property, you must sign the certification portion on the tax return you are filing. If you choose to file the tax return yourself you can get a tax return from:

- Most law firms or notaries
- Land Title Offices

Additional Property Transfer Tax

In addition to the general property transfer tax return, if you are a foreign national or foreign corporation required to pay the additional property transfer tax, you or your legal professional must also file the additional property transfer tax return (PDF).

The completed and signed return must be mailed to the same day the transfer is registered at the Land Title Office. Send the return to:

Property Transfer Tax
Ministry of Finance
PO Box 9427 Stn. Prov. Govt

Recent Changes

Find out about recent property transfer tax the changes announced in the 2016 Provincial Budget:

- Additional tax on residential property transfers to foreign entities (PDF)
- Additional property transfer tax return (PDF)
- Tax rate changes
- Newly Built Home Exemption

If you are a legal professional, find out how these changes may affect filing requirements.

Comment [KM11]: Link to Info Sheet

Comment [KM12]: Link to Info Sheet

Comment [KM10]: Link to new form FIN 512

Instructions

- General Tax Return (PDF)
- First Time Home Buyers' Tax Return (PDF)
- Special Tax Return (PDF)
- Newly Built Home Exemption

Hire a Legal Professional

We recommend that you seek assistance from a legal professional when you register a property transfer. Any change to a title, even changes that seem minor, may have major legal repercussions and other consequences.

- Where do I find a professional?
- Why should I work with a professional?

Comment [KM12]: Link to glossary term

Comment [KM13]: Link to glossary term

Comment [KM14]: Link to Info Sheet

Comment [KM15]: Link to new form FIN 512

Comment [KM16]: Link to new form FIN 512

Useful Contacts

Victoria BC, V8W 5V1

All property transfer transactions are subject to audit and all additional property transfer tax returns are reviewed and verified.

Pay Your Taxes

When you register a property transfer, you must pay property transfer tax, unless you qualify for an exemption. You must also pay the additional property transfer tax, if applicable.

Each transferee is jointly and severally liable for any additional property transfer tax payable. If you do not pay the additional tax, the other transferees are required to pay your share.

If you do not pay the taxes on the date the transfer is registered right away, the Registrar of Land Titles may refuse to register your property transfer.

If you are not using a legal professional, you can pay by cheque or money order made payable to the Minister of Finance.

Phone

- 1 888 355-2700 (Toll free)
- 250 387-0504 (Victoria)

Email

attch@rtyv.bc.ca

Comment [RNL7]: link to Audas page

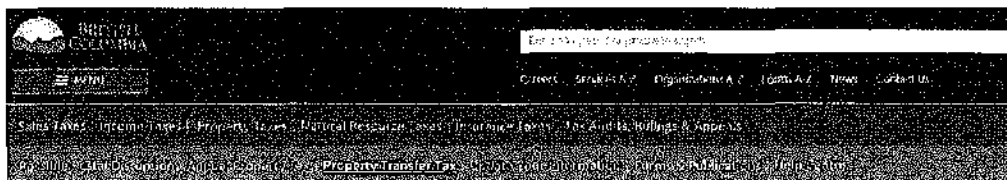
Comment [RNL8]: link to Info Sheet

Page Details

Page Title:	Legal Professionals
Navigation Title:	Legal Professionals
Friendly URL Path:	legal-professionals

Metadata

Keywords:	Property Transfer, Legal Professionals, File Electronically, Exemption Code, LTSA, Change to Title, General Tax Return, Special Tax Return, Additional Pages, First Time Home Buyers Program, Helpful Hints
Description:	Legal Professionals File Property Transfer Documents-Plans, Exemption Code, Additional Pages, Provide Attachments-First Time Home Buyers, Re-File, Helpful Hints



- Understand Your Taxes
- File Your Taxes
 - Legal Professionals
 - Budget FAQs
 - Pay Your Assessment
 - Audits
 - Appeals

Legal Professionals

If you are a legal professional, you must file most property transfer documents and plans electronically. Find out what the steps are to start filing electronically.

Note: If your client must pay the additional property transfer tax, the additional property transfer tax return (PDF) can't be filed electronically at this time. Complete the return, ensure your client signs it, and mail it to the address on the return on the same day the transfer is registered. Use the additional property transfer tax return to calculate the amount payable and transfer the amount to the general property transfer tax return. A new version (V27) with a new field will be available from MyLTSA.

Verifying Citizenship

Collecting the social insurance number for Canadian transferees is now mandatory and must be confirmed for accuracy against other government issued identification such as a Canadian passport. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Trusts—Required Documents

When a property transfer is to a trust (the transferor is holding the property in trust for someone, whether or not they are registered as a trustee on title, supporting documents (for example, a trust or partnership agreement) and relevant documentation—for example a partnership agreement—must be attached and mailed with the additional property transfer tax return.

Filing Electronically

When you file electronically, the form defaults to no exemptions. If you are claiming an exemption, the first step is to select the exemption code. The form will automatically be changed based on the exemption code you select.

Note: If you can't enter information into a field and it has a thin grey border, the field is not required and you don't need to enter information.

- [Add additional pages](#)
- [Provide attachments](#)
- [File for First Time Home Buyers](#)
- [Re-file without paying tax again](#)
- [Request a refund](#)
- [Helpful hints](#)

Additional Pages

You may add additional pages to your filing if there isn't enough space in Parts A, C or D because there are more than two:

Recent Changes

Find out about recent property transfer tax the changes announced in the 2016 Provincial Budget:

- [Additional tax on residential property transfers to foreign entities](#)
- [Additional property transfer tax return \(PDF\)](#)
- [Tax rate change](#)
- [Newly Built Home Exemption](#)
- [Collecting citizenship information \(PDF\)](#)

You can also view our Budget 2016 Frequently Asked Questions:

- [Tax rate change](#)
- [Newly Built Home Exemption](#)
- [Collecting citizenship information](#)

Comment (KML1): Link to info sheet
Field Code Changed
Field Code Changed
Comment (KML2): Link to the new form PTH 522
Comment (KML5): Link to info sheet
Comment (KML3): Link to: http://www.bccsa.ca/en/electronic-form-template
Comment (KML6): Link to new form PTH 532

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Hire a Legal Professional

We recommend that you seek assistance from a legal professional when you register a property transfer. Any change to a title, even changes that seem minor, may have major legal repercussions and other consequences.

- [Where do I find a professional?](#)
- [Why should I work with a professional?](#)

Instructions

- [General Tax Return \(PDF\)](#)
- [First Time Home Buyers' Tax Return \(PDF\)](#)
- [Social Tax Return \(PDF\)](#)

- Purchasers
- Vendors
- Parcel Identifiers

To add additional pages to your filing, look for the yellow label starting with "Click to add additional" within the applicable section. When you add an additional page, a new form will be appended to the end of your filing to provide you additional space to enter the information. Once the new form is filled out, use the red return arrow in the top left corner to return to the main filing form.

Note: If you mistakenly add an additional page, you can remove the page. To remove the page:

1. Navigate to the page using the Page Down key or the document navigation arrows
2. With the page you want to delete in view, click on the "Document" menu
3. Click on the "Delete Pages" option
4. Click the "OK" button

Provide Attachment(s)

To send an attachment with your filing:

1. Click on the "Document" menu
2. Click on "Insert Pages"
3. Click on "From file"
4. Select your saved file
5. Select "After" for the location
6. Select "Last" for the page
7. Press the Enter key on your keyboard

First Time Home Buyers

If your client(s) are First Time Home Buyers, you need to check "Yes" in section A for each client when asked "Are you a first time home buyer and applying for the exemption?" If you don't complete section A, the full tax will be withdrawn from your account.

If the land is vacant and has acreage, go to section H and select "Yes". In order for the form to calculate the proportional tax correctly for the acreage, you must put in an amount in the improvement field (e.g. if the total value of the land is \$300,000 enter \$299,999 for the land and \$1.00 for the improvement value field).

Re-File

If you withdraw a transfer, you can re-submit it electronically without paying the tax again.

To submit the filing:

1. Select exemption code "00"
2. Fill in the form to the end of section D
3. Skip to section I(2) and enter the fair market value
4. Skip to section I(4) and enter the fair market value again
5. Skip to section I(7), click on the drop down arrow and select "other"
6. Go to the field immediately below and enter "W/D CA ____"
(title number of the withdrawn transfer)

Refunds

If you require a refund, fax your detailed request and any relevant documentation to 250 953-3094. If you are eligible for a refund, a cheque will be issued to you. We don't have the ability to redeposit funds back into your bank account.

Helpful Hints

- If you are claiming an exemption, remember to fill out section I(2) and I(4), otherwise the full tax will be withdrawn from your bank account.
- If a short explanation is required, go to section I(7), click on the drop down arrow and select "other". Tab to the field below and enter a brief

- [Newly Built Home Exemption](#)

Useful Contacts

Telephone: 250 387-0604 (Victoria)

Alternate

Telephone: 1 888 355-2700 (Toll-free in B.C.)

[Email](#)

explanation. The field is only 20 spaces; if more space is needed, please send an attachment.

- When claiming exemption code 05, remember to fill in section G(3), (14) and (15), otherwise your clients will receive a letter from us.
- When an amount is entered for the additional property transfer tax, the property transfer tax payable field is automatically updated to include the additional tax amount.
- Do not check "Payment to be made by journal voucher" in section J unless payment is being made by a ministry by journal voucher.
- Once you have completed your filing, reset the form before starting your next filing.

For more information, view the [instruction guide](#) (PDF) or contact us.

Page Details

Page Title: Pay Your Notice of Assessment
Navigation Title: Pay Your Assessment
Friendly URL Part: pay

Metadata

Keywords: Property Transfer Tax, Additional Property Transfer Tax, Pay Assessment, Pay Tax, Notice of Assessment, Methods of Payment, Payment Plan, Mail, Courier, Government Office, Bank, Financial Institution, Appeal, Collection Officer
Description: Pay Property Transfer Tax or Additional Tax, Pay Notice of Assessment, Methods of Payment, Payment Plan, Mail, Courier, Government Office, Bank, Financial Institution, Appeal



- Understand Your Taxes
- File Your Taxes
 - Pay Your Assessment**
 - Audits
 - Appeals

Pay Your Notice of Assessment

A disruption to postal services could happen as soon as July 2. Interest rules still apply so you may want to choose an option that doesn't require mail services.

If you have an outstanding balance or receive a Notice of Assessment, you can pay your property transfer tax or additional property transfer taxes:

- By mail or courier
- At a government office

If you don't pay your balance, collection actions may include:

- tax collectors contacting you to warn of pending collection action and set up a collection plan
- notifying the Canada Revenue Agency to set aside money owing to you
- registering a lien against your property or personal belongings
- requiring your employer to deduct money from your paycheck
- issuing a demand notice to your bank, credit union or trust company to pay money from your account
- seizing your personal belongings

Arrange a Payment Plan

You can contact the collection officer looking after your account to arrange a payment plan.

To speak with a collection officer, call the phone number listed on your letter or 1-866-566-3056.

Appeal

If you disagree with the results of an audit or a Notice of Assessment you received, you can [file an appeal](#).

Mail or Courier

To pay by mail or courier, you must send a cheque, bank draft or money order made payable to the Minister of Finance.

Your payment and your original Notice of Assessment, Statement of Account or a copy of the legal notice must be sent to:

Mailing Address	Courier Address
Property Transfer Tax PO BOX 9427 STN PROV GOVT VICTORIA BC V8W 9V1	Property Transfer Tax 1802 Douglas Street Victoria BC V8T 4K6

Government Office

To pay at a government office, bring your Notice of Assessment, Statement of Account or legal notice.

You can make your payment at one of the following locations:

- In-Person - Service BC Centre**
Payments by cash, debit, cheque, bank draft or money order made payable to the Minister of Finance are accepted.
- Drop Box Only - 1802 Douglas Street in Victoria**
Drop off your envelope with payment by cheque, bank draft or money order

made payable to the Minister of Finance. Do not drop off cash.

Page Details

Page Title:	Audits
Navigation Title:	Audits
Friendly URL Part:	audit

Metadata

Keywords:	Audits, Taxes, Exemptions, Assessment Period, Notice of Assessment, Make a Payment, Pay Taxes, File a Waiver, First Time Home Buyers Program, Subdivision Exemption, Misrepresentation, Fraud, Appeals, Land Title Office
Description:	Audits Conducted to Ensure Taxes Paid, Exemptions Claimed Correctly, Assessment Period, Make a Payment, First Time Home Buyers, Subdivision Exemption, Appeals



- Understand Your Taxes
- File Your Taxes
- Pay Your Assessment
- **Audits**
- Appeals

Audits

Any taxpayer can be audited. Audits are routinely conducted to ensure:

- taxes have been paid correctly
- exemptions have been claimed correctly

All property transfers subject to the additional property transfer tax are further reviewed and monitored for compliance. Special anti-avoidance penalties apply to those transactions. Discrepancies on a return lead to an investigation of the transaction.

Assessment Period

The assessment period for an audit starts on the date you register a title change at the Land Title Office and continues for one year for most transactions or two years if:

- you applied for the [First Time Home Buyers' Program](#) or
- you applied for the [subdivision exemption \(PDF\)](#)

The assessment period for the additional property transfer tax on residential property transfers to foreign entities is six years.

Unless you:

- made a misrepresentation or committed fraud on a property transfer tax or [additional property transfer tax](#) return
- made a misrepresentation or committed fraud when providing information under the Act
- filed a [waiver](#) within the assessment period

Audit Review

In some cases, an audit is limited to a review of documentation such as your tax return. However, during a typical audit, you can expect us to:

- [review your records](#)
- [ask you for information](#) about a transaction that may not be in your tax return
- [notify you](#) if we need to inspect the property that has been transferred
- [discuss issues of interpretation](#) that may arise from the audit
- [work with you](#) to ensure the audit is completed in a timely manner
- [work with you](#) to resolve any concerns you have as quickly as possible
- [safeguard your records](#) without compromise

Appeal

If you disagree with the results of an audit or a Notice of Assessment you received, you can [file an appeal](#).

Make a Payment

If you received a Notice of Assessment, you need to pay your outstanding balance to avoid penalties. You can pay your taxes:

- [By mail or courier](#)
- [At a government office](#)

[Through your bank or financial institution](#)

Useful Contacts

Phone:

250-387-0604 (Victoria)
1-800-663-7867 (Toll-free)

If you call toll-free, ask to be transferred to 250-387-0604.

Fax:

250-653-3094

Email: ptfeng@gov.bc.ca

Mail:

PO Box 9427 Stn Prev Govt
Victoria BC V8W 5V1

Comment (XML): Link to info sheet
Field Code Changed

When the audit is complete we will, where appropriate:

- rReview and explain the results
- notify you if more tax is owed
- notify you if you are entitled to a refund
- make you aware of your options if you disagree with the results

If the audit determines you owe more tax, we will send you a Notice of Assessment that shows the balance owing. If you have questions about the notice or how it was determined, contact us.

If you still disagree with the results of the audit and/or the resulting Notice of Assessment, you can file an appeal.

Page Details

Page Title:	Appeals
Navigation Title:	Appeals
Friendly URL Part:	appeal

Metadata

Keywords:	File Appeal, Notice of Objection, Notice of Assessment, File Petition, Pay Outstanding Assessments and Interest, Notice of Assessment, Refund, Penalties, Exemption, Arbitration, Supreme Court, First Time Home Buyers Refund, Make a Payment
Description:	Right to Appeal, How to File Appeal, Pay Outstanding Assessments And Interest, Notice of Objection, Refund, Penalties, Exemption, Arbitration, Supreme Court



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Possible Estate Disputes | Annual Property Tax | Property Transfer Tax | Update your Information | Forms & Publications | Help Centre

- Understand Your Taxes
- File Your Taxes
- Pay Your Assessment
- Audits
- Appeals**

Appeals

You have the right to appeal when you receive a Notice of Assessment, or a First Time Home Buyers' refund denial letter or a newly built home exemption refund denial letter.

Contact us before you file an appeal to find out why you received a Notice of Assessment or why your First Time Home Buyers' refund was denied.

While your appeal is being reviewed, you need to pay any outstanding assessments and interest that you have been charged.

File an Appeal

To file an appeal, submit a notice of objection clearly stating:

- your name
- your address
- your telephone number
- the pProperty tTransfer tTax return number
- the reason for your objection
- facts and documents supporting your appeal

Your notice of objection must be submitted within 90 days of the date shown on the Notice of Assessment or refund denial letter. You can submit your notice of objection along with your supporting documentation by:

Mail
The Minister of Finance
c/o Tax Appeals and Litigation Branch
PO Box 9629 Stn Prov Govt
Victoria BC V8V 9N6

Fax
250-387-5883

Once your appeal is submitted, the Minister will consider the matter and notify you of the decision.

If you disagree with the Minister's decision, you can:

- apply for arbitration, or
- appeal to the Supreme Court of British Columbia

If you choose either of these actions, you may incur costs.

Arbitration

If you choose to have the Minister's decision reviewed by arbitration, you give up your right to appeal to the Court. During arbitration, an independent arbitrator will

Make a Payment

While your appeal is being reviewed, you need to pay any outstanding assessments and interest that you have been charged.

If your assessment is changed because of your appeal, you will receive a refund with interest for any extra tax you paid.

Resources

- [Appeals \(GEN 002\) \(PDF\)](#)

Useful Contacts

Phone

- 1 888 355-2700 (Toll free)
- 250 387-0604 (Victoria)

Email

ptteng@gov.bc.ca

review your appeal and make the final decision on whether to change, cancel or uphold your Notice of Assessment.

Your request for arbitration must be received within 90 days of the Minister's decision. Your letter must indicate that you waive your right to appeal to the Supreme Court of British Columbia and that you want the assessment to be decided by arbitration.

Send your request to:

The Minister of Finance
C/O Tax Appeals and Litigation Branch
PO Box 9629 Stn Prov Govt
Victoria BC V8W 9N6

Supreme Court of British Columbia

You can appeal to the Supreme Court of British Columbia by filing a petition under the Supreme Court Civil Rules. You must file your petition in the Supreme Court Registry within 90 days of the Minister's notification of decision.

Within 14 days of filing the petition, you must serve your petition on the Attorney General at the Ministry of Justice in Victoria. To serve your petition on the Attorney General you can either:

- leave it with a solicitor at the Attorney General's office at 1001 Douglas Street in Victoria during office hours, or
- mail it by registered mail to the Deputy Attorney General in Victoria

The mailing address for the Deputy Attorney General is:

Ministry of Justice
Deputy Attorney General
PO Box 9280 Stn Prov Govt
Victoria BC V8W 9J7

If you disagree with the decision made by the Supreme Court, you can appeal the decision with the Court of Appeal. Before you appeal you must first obtain leave to appeal from a justice of the Court of Appeal.

Page Details

Page Title:	Forms
Navigation Title:	Forms
Friendly URL Part:	forms

Metadata

Keywords:	forms
Description:	Download and fill out forms for property taxes, home owner grants, property tax deferrals, and property transfer taxes.
Online document:	forms
Online document:	forms



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Forms

Find the form you need for:

- [Rural Property Taxes](#)
- [Home Owner Grant](#)
- [Property Tax Deferment](#)
- [Property Transfer Tax](#)
- [Additional Property Transfer Tax](#)

Attention! Some web browsers may not support all the features of PDF forms, such as fillable or calculating fields, and may produce errors. We recommend you download the form and open it using the latest version of [Adobe Reader](#).

Rural Property Taxes

Use these online forms to help you manage your [rural](#) property tax account:

- [Application for Farm Extension on Rural Farm Land \(FIN 422\)](#)
- [Request for Rural Property Tax Information \(FIN 47\) \(PDF\)](#)
- [Rural Address Change form \(ADDRESS 1\)](#)
- [Rural Home Owner Grant Access Form Online \(FIN 78\)](#)
- [Rural Refund/Transfer form \(REFUND 1\)](#)

Home Owner Grant

Use these forms to apply for your home owner grant or to support your grant or supplement application:

- [Application for Home Owner Grant \(FIN 78\) \(PDF\)](#)
- [Application for Home Owner Grant - Low-Income Supplement Program \(FIN 65\) \(PDF\)](#)
- [Application for Home Owner Grant - Veterans Supplement \(calculating fields\) \(FIN 79\) \(PDF\)](#)
- [Application for Retroactive Home Owner Grant \(FIN 92\) \(PDF\)](#)
- [Authorization: Appeal to Minister \(FIN 87\) \(PDF\)](#)
- [Form A - Certificate of Eligible Occupants and Owner's Certificate \(FIN 75\) \(PDF\)](#)
- [Form B - Certificate of Physician and Property Owner \(FIN 74\) \(PDF\)](#)
- [Home Owner Grant Consent for Release of Information \(FIN 81\) \(PDF\)](#)
- [Home Owner Grant Eligibility Questionnaire \(FIN 77\) \(PDF\)](#)
- [Home Owner Grant Partitioning of Assessed Value Calculation \(FIN 91\) \(PDF\)](#)
- [Housing Societies Update Report \(FIN 84\) \(PDF\)](#)
- [Power of Attorney \(FIN 80\) \(PDF\)](#)

Property Tax Deferment

Use these forms to apply for tax deferment or to renew or change your existing tax deferment loan:

- [Application and Agreement for: Adding a Spouse to a Property Tax Deferment Agreement \(FIN 54\) \(PDF\)](#)
- [Families with Children Property Tax Deferment Program Application \(FIN 28\) \(PDF\)](#)
- [Guide \(PDF\)](#)
- [Physician Certification \(FIN 58\) \(PDF\)](#)
- [Property Tax Deferment Program Application \(FIN 51\) \(PDF\)](#)
- [Guide \(PDF\)](#)
- [Renewal Application \(FIN 62\) \(PDF\)](#)

Property Transfer Tax

Use these forms to authorize a representative or to apply for a refund under the newly built home exemption:

- [Authorization: Appeal to Minister \(FIN 87\) \(PDF\)](#)
- [Newly Built Home Application for Refund \(FIN 272\) \(PDF\)](#)

The tax return forms listed below are sample returns only and can't be used to file your transfer at the Land Title Office.

- [First Time Home Buyers' Property Transfer Tax Return \(SAMPLE FIN 269\) \(PDF\)](#)
- [Example Calculations \(PDF\)](#)
- [General Property Transfer Tax Return \(SAMPLE FIN 579G\) \(PDF\)](#)
- [Special Property Transfer Tax Return \(SAMPLE FIN 579S\) \(PDF\)](#)

Additional Property Transfer Tax

Use this form to file and pay the additional property transfer tax on residential transfers to foreign entities:

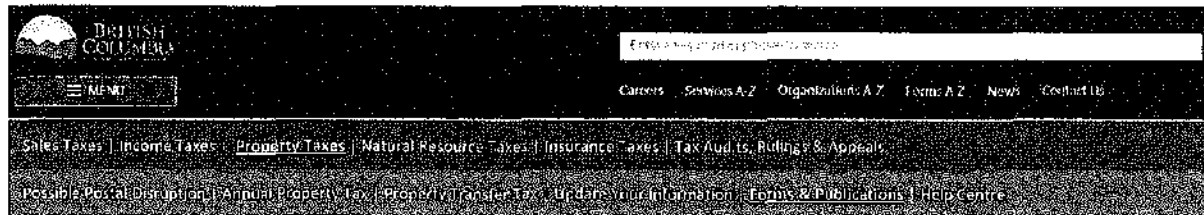
- [Additional Property Transfer Tax Return \(FIN 532\) \(PDF\)](#)

Page Details

Page Title:	Publications
Navigation Title:	Publications
Friendly URI Part:	publications

Metadata

Keywords:	Publications; Appeals; GEN 002; Annual Property Tax; Home Owner Grant; Property Transfer Tax 001 002 003 004 005 006 007 008 009 010 011 012 013 014 015 016 017 018 019 020, 021, 023, 024, 025; 026 027 028; Land Transfer; Rural; TRA 001,
Description:	Links to Property Tax Publications, Annual Property Taxes, Appeals, Home Owner Grant, HOG, Property Transfer Tax, PTT, Rural, TRA, Tax Benefit, Exemption
Subject's Keyword:	
Document's Keyword:	



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Publications

The following publications will help answer your questions about:

- [Rural Property Taxes](#)
- [Home Owner Grant](#)
- [Property Tax Deferment](#)
- [Property Transfer Tax](#)
- [Additional Property Transfer Tax](#)

Rural Property Taxes

- [New School Tax Exemption for Eligible Hydroelectric Power Producers \(PDF\)](#)
- [Property Owners - Taxation and Benefit Programs \(PDF\)](#)
- [Rural Property Taxes \(TRA 001\) \(PDF\)](#)

Home Owner Grant

- [Appeals \(GEN 002\) \(PDF\)](#)
- [Property Owners - Taxation and Benefit Programs \(PDF\)](#)

Property Tax Deferment

- [Property Owners - Taxation and Benefit Programs \(PDF\)](#)

Property Transfer Tax

- [Advance Tax Rulings \(PTT 021\) \(PDF\)](#)
- [Appeals \(GEN 002\) \(PDF\)](#)
- [Application of the Act to Multiple Transactions in Respect of the Same Land \(PTT 014\) \(PDF\)](#)
- [Application of the Act to Multiple Leases in Respect of the Same Land \(PTT 015\) \(PDF\)](#)
- [Application of the Act to Sales of Crown Land \(PTT 018\) \(PDF\)](#)
- [Application of the Act to Status Indians and Indian Bands \(PTT 017\) \(PDF\)](#)
- [Collect and Report Citizenship Information on Property Transfer Tax Return \(PDF\)](#)
- [Collecting Overdue Taxes \(GEN 001\) \(PDF\)](#)
- [Exemptions for the Transfer of a Principal Residence \(PTT 005\) \(PDF\)](#)
- [Exemptions for the Transfer of a Recreational Residence \(PTT 007\) \(PDF\)](#)
- [Exemptions for Transferring a Family Farm \(PTT 008\) \(PDF\)](#)
- [Exemption for Transfers in Respect of an Amalgamation \(PTT 012\) \(PDF\)](#)
- [Exemptions for Transfers in the Course of Subdivisions \(PTT 006\) \(PDF\)](#)
- [Exemption for Transfers of Land Subject to a Conservation Covenant \(PTT 013\) \(PDF\)](#)
- [Exemptions for Transfers to and from a Family Farm Corporation \(PTT 009\) \(PDF\)](#)
- [Exemption for Transfers to and from Trust Companies or the Public Trustee \(PTT 010\) \(PDF\)](#)
- [Exemptions to Minors for Transfers to and from the Public Guardian and Trustee \(PTT 026\) \(PDF\)](#)
- [Fair Market Value of Land Subject to a Trust Agreement \(PTT 019\) \(PDF\)](#)
- [Fair Market Value of Land with Industrial Improvements \(PTT 020\) \(PDF\)](#)
- [Guide to the First Time Home Buyers' Program \(PDF\)](#)
- [Improvements Straddling More Than One Parcel of Land \(PTT 027\) \(PDF\)](#)
- [Instruction Guide for Completion of General, Special and Electronic Property Transfer Tax Returns \(PDF\)](#)

- [Municipal Tax Sales \(PTT 016\) \(PDF\)](#)
- [Pre-sold Strata Units \(PTT 024\) \(PDF\)](#)
- [Property Transfer Tax \(PTT 001\) \(PDF\)](#)
- [Property Transfer Tax Exemptions \(PTT 003\) \(PDF\)](#)
- [Registered Charities Exemptions \(PTT 025\) \(PDF\)](#)
- [Transfers to Correct a Conveyance Error \(PTT 011\) \(PDF\)](#)
- [Waiving the Assessment Period \(PTT 028\) \(PDF\)](#)

Additional Property Transfer Tax

- [Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District \(Information Sheet 2016-006\) \(PDF\)](#)

Page Details

Page Title:	Legislation
Navigation Title:	Legislation
Friendly URL Part:	legislation

Metadata

Keywords:	Legislation Acts, Regulations, Publications, Related Acts, Homeowner Grant Act, Land Tax Deferment Act, Property Transfer Tax Act, School Tax Act, Taxation Rural Area Act, Assessment Act, Community Charter, Local Government Act, Power of Attorney
Description:	Read Legislation Acts and Regulations, Publications, Homeowner Grant, Land Tax Deferment, Property Transfer Tax, School Tax, Taxation Rural Area, Assessment Act
Related:	Homeowner Grant Act, Land Tax Deferment Act, Property Transfer Tax Act, School Tax Act, Taxation Rural Area Act, Assessment Act, Community Charter, Local Government Act, Power of Attorney
Page Path:	Home > Taxes & Tax Credits > Property Taxes > Forms & Publications > Legislation



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Legislation

Acts and Regulations

- [Home Owner Grant Act](#)
 - [Home Owner Grant Regulation](#)
- [Land Tax Deferment Act](#)
 - [Land Tax Deferment Regulation](#)
 - [Interest Rate Regulation](#)
- [Property Transfer Tax Act](#)
 - [Property Transfer Tax Regulation](#)
- [Property Transfer Tax Amendment Act \(2016\)](#)
- [School Act](#)
 - [School Tax Administration Fee Regulation](#)
 - [School Tax Exemptions and Refunds \(Approved and Eligible Hydroelectric Power Projects\) Regulation](#)
 - [School Tax Exemptions \(Wind Power Projects\) Regulation](#)
 - [School Tax Remitting Regulation](#)
- [Taxation \(Rural Area\) Act](#)
 - [Taxation \(Rural Area\) Act Regulation](#)
 - [Interest on Prepaid Tax Regulation](#)
 - [Interest Rate Under Various Statutes Regulation](#)
 - [Regional District Tax Regulation](#)
 - [Rural Property Tax Roll Regulation](#)

Comment [XML1]: Link to BAt page at:
<https://www.bccsa.ca/property-tax>
<https://www.bccsa.ca/property-tax/property-transfer-tax>
<https://www.bccsa.ca/property-tax/property-transfer-tax/property-transfer-tax-regulation>

Other Related Acts

- [Assessment Act](#)
- [Community Charter](#)
- [Electronic Transactions Act](#)
- [Indian Self Government Enabling Act](#)
- [Local Government Act](#)
- [Police Act](#)
- [Power of Attorney Act](#)

Page Details

Page Title:	Glossary
Navigation Title:	Glossary
Friendly URL Part:	glossary

Metadata

Keywords:	Glossary, Definitions, Property Tax, Home Owner Grant, Property Transfer Tax, Terms, Property Tax Definitions, Help
Description:	Glossary of terms relating to B.C. property taxes.



British Columbia
PROPERTY TAXES

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Frequently Asked
Questions
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Glossary

The information provided here is explanatory. Where there is a conflict between this information and the Act, the Act shall prevail.

Adjusted net income	Your adjusted net income is your <u>net income</u> , plus the net income of your shared income partner (if you have one), less any allowable deductions. Note: If your current <u>shared income partner</u> was not your partner during the relevant tax year, you should not include their <u>net income</u> .
Canadian citizen	A person described as a citizen under the Citizenship Act. This means a person who was: • born in Canada • born outside of Canada to a Canadian citizen who was themselves either born in Canada or granted citizenship • granted Canadian citizenship (<u>naturalization</u>)
Caveat	A warning that someone is claiming an interest in a parcel of land
Certificate of Pending Litigation	A document filed at the <u>Land Title Office</u> , stating that a property is the subject of a court proceeding and that ownership of the property may change as a result.
Court-appointed Committee	When the Court appoints a person to protect the interests of and make decisions on behalf of an adult who is deemed mentally incapable of managing his or her affairs, including decisions: • about the provision or withdrawal of healthcare • about the management of personal finances
Escheat	When a property is transferred to the Crown because it was owned by: • a corporation that has been dissolved, or • a person that died without having made a will and doesn't have any known heirs to claim the estate
Fee simple	The law recognizes this form of estate (ownership) in real estate as the highest form. The property owner is entitled to full enjoyment of the property, limited only by zoning laws, deed or subdivision restrictions or covenants. The duration of this ownership is not limited and can be passed along in a will to the owner's heirs.
Forfeiture	When the ownership for a property is transferred to the Crown

	because <u>rural property taxes</u> haven't been paid.
Foreign corporation	A corporation that is: • <u>not incorporated in Canada or</u> • <u>is incorporated in Canada but is controlled in whole or in part by a foreign national or other foreign corporation, unless the shares of the corporation are listed on a Canadian stock exchange.</u>
Foreign national	A person who is not a Canadian citizen or permanent resident of Canada, including a stateless person.
Improvements	Buildings or structures on a property, such as: • houses • manufactured homes • modular homes • garages • sheds or other outbuildings • paving, such as driveways • utilities, such as sewer • timber
Land co-operative	A separate taxable parcel owned by a corporation exclusively for the benefit of its shareholders. Shareholders have a right to occupy a portion of the parcel and to own share(s) and other securities that have a value equivalent to the value of the portion in relation to the value of the parcel.
Laneway home	A small, detached house built on a single family lot, usually in the backyard and opening onto the back lane.
Live in B.C.	A homeowner is considered to live in B.C. if it's the province where they ordinarily reside. This doesn't include casual, intermittent or transitory visits to B.C. Living in B.C. usually means a homeowner will: • File their income taxes as a B.C. resident • Be enrolled in B.C.'s Medical Services Plan • Have a B.C. driver's licence • Have their vehicle registered in B.C.
Marriage separation	You have a written separation agreement under which you have agreed to live apart or a court order recognizing your separation from your spouse.
Medical practitioner	A person registered by the College of Physicians and Surgeons of British Columbia and entitled under the Health Professions Act to practise medicine and use the title "medical practitioner."
Net income	Net income is the amount shown on line 236 on your income tax Notice of Assessment.
Non-member leaseholder	A person who leases land on a First Nations' reserve but isn't a member of a First Nations.
Northern and Rural Area	A property that isn't located in any of the following regional districts: • <u>Capital Regional District (CRD)</u> • <u>Greater Vancouver Regional District (GVRD)</u> • <u>Fraser Valley Regional District (FVRD)</u>
Nurse practitioner	A person who is authorized by the College of Registered Nurses of British Columbia to practise nursing as a nurse practitioner and use the title "nurse practitioner."
Permanent resident	Someone who has acquired permanent resident status by <u>immigrating to Canada</u> , but is not yet a Canadian citizen
Person with a disability	Under the home owner grant, a person with a disability is someone who has a permanent disability for which no remedial therapy is available to lessen the disability and, in order to manage normal daily

	functioning in their <u>principal residence</u> , they require either <u>physical assistance</u> or structural modifications to their home.
Physical assistance	Regular and extensive supervision or care necessary for the person with a permanent disability to manage normal daily functioning in the home. This only includes assistance with bathing, personal hygiene, meal preparation/feeding and mobility. It does not include housework, laundry, therapy, training, respite care or any assistance outside the home.
Principal Residence	A principal residence is the usual place that a person makes their home. If a person owns more than one home, they can't designate which one is their principal residence. Their principal residence is where they live and conduct their daily affairs, like paying bills and receiving mail, and it's generally the residence used in government records for things like income tax, Medical Services Plan, driver's licence and vehicle registration.
Property	Land and improvements such as buildings or structures.
Property classifications	A classification system used by BC Assessment to define the type and use of each property. There are nine property classifications: 1. <u>Residential</u> 2. <u>Utilities</u> 3. <u>Supportive housing</u> 4. <u>Major industry</u> 5. <u>Light industry</u> 6. <u>Business</u> 7. <u>Managed forest land</u> 8. <u>Recreational property, non-profit organization</u> 9. <u>Farm land</u>
Quit claim	When a person terminates his or her right and claim to a property and transfers their interest to a recipient.
Registered owner / Owner	Under Home Owner Grant, an owner of real property is: • the owner registered at the <u>Land Title Office, Manufactured Home Registry or Ministry of Forests, Lands and Natural Resource Operations</u> • a tenant for life under a Registered Life Estate • a registered holder of the last registered Agreement for Sale or Right to Purchase • the holder/occupier of land as described in <u>Section 228 or Section 229</u> of the Community Charter • a First Nation person who is an owner under the terms of <u>Section 12</u> of the Local Government Act • a tenant under a lease registered at the <u>Land Title Office</u> that has a term of at least 99 years and requires the tenant to pay the current year taxes Under Property Tax Deferment, an owner of real property is: • the owner registered at the Land Title Office, the Manufactured Home Registry or the Integrated Land Management Bureau • a tenant for life under a Registered Life Estate • a registered holder of the last registered Agreement for Sale or Right to Purchase
Related individual	Under Home Owner Grant, a <u>related individual</u> or relative includes: • your child or grandchild • your brother, sister, parent or grandparent • a step-parent, or the person standing in the place of a parent, of the person with disabilities Under Property Transfer Tax, a <u>related individual</u> or relative includes: • your child, grandchild, great-grandchild and their spouse • your parent, grandparent, or great-grandparent

	• your spouse and their child, parent, grandparent or great-grandparent Note: Child includes a step-child.
Reserve land	Crown land specifically set aside for occupation by First Nations.
Residential care facility	A facility, such as an assisted-living, intermediate-care or long-term-care facility, or a group, retirement or nursing home, that meets the following criteria: • It is a house or building occupied by a business, or part of a house or building occupied by a business • Housing and daily meals are provided to residents of the facility by, or through, the operator (the individual or corporation that runs the business) • At least one resident of the facility is a person who is not the spouse of the operator, or related by blood or marriage to the operator Residents reside there primarily due to family circumstances, age, disability, illness, or frailty.
Residential unit	A self-contained unit that has cooking, sleeping, bathroom and living room facilities.
Revest	When the previous owner(s) of a property are restored on a property title.
Shared income partner	A person that is/was your <u>spouse</u> during a specific tax year.
Simple interest	An interest charge that is always based on the amount loaned and does not compound.
Spouse	Under Property Tax Deferment and Property Transfer Tax, a <u>spouse</u> is a person you are married to or living in a marriage-like relationship with for at least two years. Under Home Owner Grant, a <u>spouse</u> is a person you are married to or living in a marriage-like relationship with for at least two years. If you're married but separated and living apart and you each want to claim the home owner grant for your principal residences, you'll need a written agreement signed by both of you stating you have agreed to live apart or a court order recognizing your separation.
Surviving spouse	A woman or man who lost their <u>spouse</u> by death and who is not currently the spouse of another person.
Tax authorities	The province, municipalities, improvement districts and agencies that are legally authorized to levy property taxes. Taxing authorities include: • The Province of British Columbia • Regional Districts • Improvement Districts • Regional Hospital Districts • BC Assessment • Municipal Finance Authority • Islands Trust • British Columbia Transit Authority
Tenure assignment	When an individual or business takes over an existing Crown land tenure from the current occupier before their tenure ends.
Utility user fee	Utility user fees are charges for the use of utilities such as: • Water • Sewer • Recycling Utility user fees are usually billed separately from your <u>annual property taxes</u>. However, unpaid utility user fees may appear on your property tax notice as a separate charge.

Waiver / Filing a waiver

Filing a waiver allows you to extend the assessment period of an audit to allow additional time for discussion and collection of information.

A waiver stays in effect for six months after it has been revoked.

Menzies, Brian FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 11:30 AM
To: Edwardson, Jamie GCPE:EX; Miniaci, Mario FIN:EX
Subject: FW: Issue Alert: Housing Priority Initiatives Amendment Act
Attachments: Housing 1.png; Housing 2.png; Housing 3.png; MLA KMs and QAs Housing Bill_22Jul16_FINAL.DOCX; Information Sheet 2016-006 Additional PTT on Residential Property Transf....docx; Housing NR - July 25 - Final.docx

As distributed: Pls review the Qs and As

From: Ellithorpe, Rosa [<mailto:Rosa.Ellithorpe@leg.bc.ca>]
Sent: Monday, July 25, 2016 10:47 AM
Subject: Issue Alert: Housing Priority Initiatives Amendment Act

Please see the attached package of information for MLAs regarding the housing measures introduced this morning. Attached you will find:

- Key messages and a Q&A
- An information sheet
- The news release from the Ministry of Finance

Please also find attached a number of graphics to accompany social media posts today.

Suggested tweets

Our BC Liberal Gov't believes middle-class home ownership should be more affordable #bcpoli <http://bit.ly/29ZTIJZ> [graphic]

Our BC Liberal Gov't wants to ensure home ownership is within reach for BC families #bcpoli <http://bit.ly/29ZTIJZ> [graphic]

Today's legislation creates new measures to help make home ownership more affordable #bcpoli <http://bit.ly/29ZTIJZ> [graphic]

Suggested Facebook posts

Today, our BC Liberal Government is taking further steps to help keep the dream of home ownership within reach of middle-class families, and ensure that those who are in a position to rent are able to find a suitable home. Learn more: <http://bit.ly/29ZTIJZ>

Today, our BC Liberal Government introduced legislation to make home ownership more affordable, establish a fund for market housing and rental initiatives, strengthen consumer protection, and give the City of Vancouver the tools it requested to increase rental property supply. Learn more: <http://bit.ly/29ZTIJZ>

Our Government is making sure that purchasing a home in our beautiful province, one of the most important investments that a person makes for themselves and their family, is protected and fair. Learn more: <http://bit.ly/29ZTIJZ>

Rosa Ellithorpe

Manager, Communications & Issues Management

Government Caucus

250-818-9987

Menzies, Brian FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 9:16 AM
To: Koolsbergen, Nick LASS:EX
Subject: FW: Info for MLAs

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 9:09 AM
To: Menzies, Brian FIN:EX
Subject: RE: Info for MLAs

Add:

s.13

4. Will tax revenues be earmarked for government housing programs?

The government is creating a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future. The fund will receive an initial investment of \$75 million. It will receive a portion of revenues from the property transfer tax, including revenues from the new additional tax on foreign buyers.

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 9:01 AM
To: Edwardson, Jamie GCPE:EX
Subject: FW: Info for MLAs

From: Koolsbergen, Nick [<mailto:Nick.Koolsbergen@leg.bc.ca>]
Sent: Monday, July 25, 2016 8:32 AM
To: Menzies, Brian FIN:EX
Subject: FW: Info for MLAs

See below.

From: Cadario, Michele PREM:EX [<mailto:Michele.Cadario@gov.bc.ca>]
Sent: July 25, 2016 7:25 AM

To: Smart, Stephen PREM:EX <Stephen.Smart@gov.bc.ca>; Kay, Maclean PREM:EX <Maclean.Kay@gov.bc.ca>; Merrifield, Katy PREM:EX <Katy.Merrifield@gov.bc.ca>; Chin, Ben PREM:EX <Ben.Chin@gov.bc.ca>; Mills, Shane PREM:EX <Shane.Mills@gov.bc.ca>; Koolsbergen, Nick <Nick.Koolsbergen@leg.bc.ca>

Subject: RE: Info for MLAs

Brian/Nick:

MLA info:

Need to add a Qs under Additional PTT

What are we doing to ensure foreign nationals actually have to pay the tax – A – SIN # & passport

What if there is pressure on other areas of BC – does that require legislative change? Would gov't support that?

s.13

Michele Cadario

Deputy Chief of Staff to Premier Christy Clark

From: Smart, Stephen PREM:EX

Sent: Sunday, July 24, 2016 8:27 PM

To: Cadario, Michele PREM:EX; Kay, Maclean PREM:EX; Merrifield, Katy PREM:EX; Chin, Ben PREM:EX; Mills, Shane PREM:EX; Koolsbergen, Nick LASS:EX

Subject: Fwd: Info for MLAs

Just got these from Finance...

Begin forwarded message:

From: "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>

Date: July 24, 2016 at 8:24:32 PM PDT

To: "Smart, Stephen PREM:EX" <Stephen.Smart@gov.bc.ca>

Subject: Fw: Info for MLAs

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Edwardson, Jamie GCPE:EX <Jamie.Edwardson@gov.bc.ca>

Sent: Sunday, July 24, 2016 8:21 PM

To: Chandler, Penelope E FIN:EX; Edwardson, Jamie GCPE:EX; Keirstead, Zoe FIN:EX; McLachlin, Jessica GCPE:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Snider, Marty C FIN:EX

Subject: Info for MLAs

PO is asking for info for MLAs. I've attached the KMs/Qs and As, News release, and the actual tax bulletin prepared.

Jamie Edwardson

Communications Director | Ministry of Finance | Province of British Columbia

P: (250) 356-2821 | M: (250) 888-0021 | jamie.edwardson@gov.bc.ca

Menzies, Brian FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 9:02 AM
To: Edwardson, Jamie GCPE:EX
Subject: FW: Comparison taxes

From: Koolsbergen, Nick [mailto:Nick.Koolsbergen@leg.bc.ca]
Sent: Monday, July 25, 2016 8:34 AM
To: Menzies, Brian FIN:EX
Subject: FW: Comparison taxes

I've added the info requested below in already. Just need the answers to the other Qs I just sent in the other email.

From: Cadario, Michele PREM:EX [mailto:Michele.Cadario@gov.bc.ca]
Sent: July 25, 2016 7:27 AM
To: Smart, Stephen PREM:EX <Stephen.Smart@gov.bc.ca>; Chin, Ben PREM:EX <Ben.Chin@gov.bc.ca>; Merrifield, Katy PREM:EX <Katy.Merrifield@gov.bc.ca>; Kay, Maclean PREM:EX <Maclean.Kay@gov.bc.ca>; Mills, Shane PREM:EX <Shane.Mills@gov.bc.ca>; Koolsbergen, Nick <Nick.Koolsbergen@leg.bc.ca>
Subject: RE: Comparison taxes

This needs to be in the MLA Q&A too

Michele Cadario
Deputy Chief of Staff to Premier Christy Clark

From: Smart, Stephen PREM:EX
Sent: Sunday, July 24, 2016 9:58 PM
To: Chin, Ben PREM:EX; Merrifield, Katy PREM:EX; Kay, Maclean PREM:EX; Mills, Shane PREM:EX
Cc: Cadario, Michele PREM:EX
Subject: Fwd: Comparison taxes

Good comparison info for tomorrow...

Begin forwarded message:

From: "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>
Date: July 24, 2016 at 9:49:07 PM PDT
To: "Smart, Stephen PREM:EX" <Stephen.Smart@gov.bc.ca>, "Koolsbergen, Nick LASS:EX" <Nick.Koolsbergen@leg.bc.ca>
Subject: Re: Comparison taxes

Specifically:

Do any other jurisdictions have similar taxes or impose restrictions on foreign ownership of

property?

United Kingdom:

Non-residents are now subject to capital gains taxation on gains when selling residential property in the UK.

Non-domiciled residents who provide security for purchases with offshore assets will be considered to have repatriated those assets and pay income tax as applicable.

15-per-cent stamp duty on those using a company name to buy properties worth more than £500,000.

Singapore:

Increased buyer's stamp duties (PTT) on foreign, corporate, permanent residents, and citizens: 15% additional stamp duty on foreign and corporate purchasers. Was initially 10% but was increased after 10% did not have the desired effect.

5% additional stamp duty on permanent residents purchasing a first home. 10% on further purchases.

10% additional stamp duty on citizens purchasing their second and third homes.

Hong Kong:

A 5%-20% anti-speculation special stamp duty that is payable on property held for less than 24 months.

Implemented a 15% additional Buyers Stamp Duty targeted at foreign investors and companies
Measures to restrict mortgage lending to its residents.

Strict loan to value ratios

Strict Mortgage Servicing Ratios

A 40% down payment requirement

Australia

Australia has both federal and state taxes for foreign purchasers. Australia also restricts foreign ownership of property. Foreign citizens or companies require approval from a Foreign Investment Review Board (FIRB) in order to buy residential real estate. The FIRB will accept applications where the non-resident intends to live in the residential property. The FIRB will reject applications on the following grounds:

They feel the purchase is speculative in nature.

They feel the purchase is for rental purposes.

The exceptions to these criteria are newly built residential properties sold by developers and tourist resort properties.

New York

New York levies a mansion tax of 1% of the purchase price, if the purchase price is over \$1 million.

1974 Ontario Measures

Ontario implemented two measures aimed at curbing house price inflation in the 1970s.

A 20% transfer tax on non-residents of Canada (similar to our PTT)

An income tax on land speculation aimed at short term speculators (flippers)

The taxes were enacted in 1974 and repealed by 1978.

The 20% rate for non-residents remained for the acquisition of certain land (farmland) until 1997.

China

To help boost a slowing economy, China recently relaxed rules on foreign ownership. Restrictions on foreign ownership were put in place in 2006, in an effort to prevent speculation and cool an overheated market that was pricing Chinese citizens out of major markets. Foreign individuals and companies are now allowed to buy as many properties as they wish, but are still subject to local housing purchase limits. Previously, foreign residents were allowed to buy only one property on the mainland once they had worked in China for a year.

Korea

There are no special requirements for land or property purchase by foreigners in Korea. However, the registration process is slightly different for foreigners purchasing property in Korea.

Sent from my BlackBerry 10 smartphone on the TELUS network.

Original Message

From: Edwardson, Jamie GCPE:EX

Sent: Sunday, July 24, 2016 9:45 PM

To: Smart, Stephen PREM:EX; Koolsbergen, Nick LASS:EX

Subject: Re: Comparison taxes

Singapore and Hong Kong both have a 15% rate yes. Our larger Q and A has this info. Can send in the morning.

Sent from my BlackBerry 10 smartphone on the TELUS network.

Original Message

From: Smart, Stephen PREM:EX

Sent: Sunday, July 24, 2016 9:05 PM

To: Edwardson, Jamie GCPE:EX; Koolsbergen, Nick LASS:EX

Subject: Comparison taxes

Hey Jamie,

Do we have any comparison numbers showing similar taxes in other jurisdictions (ie: Singapore)? I've heard some of these numbers mentioned in meetings. They would be very helpful for tomorrow. Nick, it would be great for some of these comparisons to be used in caucus materials.

S.

Menzies, Brian FIN:EX

From: Menzies, Brian FIN:EX
Sent: Sunday, July 24, 2016 11:12 AM
To: Snider, Marty C FIN:EX
Subject: For printing
Attachments: QAs_Housing Bill_19July16_DRAFT2.docx; ATT00001.htm

Menzies, Brian FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 18, 2016 5:00 PM
To: Snider, Marty C FIN:EX
Subject: FW: Backgrounders for Tuesday meetings
Attachments: REA.pdf; Landlord BC.pdf; UDI.pdf

From: MacLean, Shelley FIN:EX
Sent: Monday, July 18, 2016 8:16 AM
To: Bowry, Sanjay FIN:EX
Cc: Menzies, Brian FIN:EX
Subject: Backgrounders for Tuesday meetings

Athana will attend these meetings in person at PVO with MDJ. Backgrounders are attached

Shelley MacLean
Director, Executive Operations & Strategic Initiatives
Deputy Minister's Office
Ministry of Finance
Phone: 250-356-6696
Fax: 250-387-1655

MLA Key Messages

Questions and Answers

Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

General:

- As a government, we recognize home ownership can be challenging in B.C., particularly in Vancouver.
- Budget 2016 introduced a number of measures designed to stimulate supply of new housing, assist purchasers, invest in affordable housing and improve our understanding of what drives growth in B.C.'s real estate market.
- Today, the Province is taking further steps to help keep the dream of home ownership within reach of middle-class families, and ensure that those who are in a position to rent are able to find a suitable home.
- This bill creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.
- These are complex issues that will require a number of different solutions. There will be more to come in the weeks and months ahead.

Additional Property Transfer Tax

- An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations.
- The additional tax will take effect Aug. 2, 2016, and will apply to foreign entities registering their purchase of residential property in the Greater Vancouver Regional District, excluding the treaty lands of the Tsawwassen First Nation.
- This tax will help manage ongoing demand in residential real estate while the housing market responds by building new homes to meet local needs.
- Placing barriers to the foreign investment in the GVRD real estate can help manage rising prices while supply catches up.

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in the GVRD and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. How will you enforce the tax?

Property transfer tax audit measures are already in place and will be extended to encompass the additional tax to ensure it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is already underway to begin recruitment.

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

3. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

4. Will tax revenues be earmarked for government housing programs?

The government is creating a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future. The fund will receive an initial investment of \$75 million. It will receive a portion of revenues from the property transfer tax, including all revenues from the new additional tax on foreign buyers.

4. Why only in the GVRD?

For now, the clearest need for this response is in GVRD. The Bill contains regulatory powers that would allow the government to apply the additional tax in other areas. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to respond by making changes quickly.

5. What are we doing to ensure foreign nationals actually have to pay the tax?

Collecting the Social Insurance Number for any Canadian Citizen or Permanent Resident transferee is now mandatory on the PTT return and lawyers are being advised they must confirm the number for accuracy against other government issued identification such as a Canadian passport. The Province is introducing and will be enforcing stringent non-compliance penalties. In addition they will be monitoring businesses and individuals filing incomplete or incorrect general or additional PTT returns.

Processes are already in place to verify that a Social Insurance Number is valid. Invalid numbers or other discrepancies on a return will lead to further audit and investigation of the transaction.

6. Do any other jurisdictions have similar taxes or impose restrictions on foreign ownership of property?

United Kingdom:

Non-residents are now subject to capital gains taxation on gains when selling residential property in the UK. Non-domiciled residents who provide security for purchases with offshore assets will be considered to have repatriated those assets and pay income tax as applicable.

15-per-cent stamp duty on those using a company name to buy properties worth more than £500,000.

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Hong Kong:

A 5%-20% anti-speculation special stamp duty that is payable on property held for less than 24 months. Implemented a 15% additional Buyers Stamp Duty targeted at foreign investors and companies. Measures to restrict mortgage lending to its residents. Strict loan to value ratios. Strict Mortgage Servicing Ratios. A 40% down payment requirement.

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Australia has both federal and state taxes for foreign purchasers. Australia also restricts foreign ownership of property. Foreign citizens or companies require approval from a Foreign Investment Review Board (FIRB) in order to buy residential real estate. The FIRB will accept applications where the non-resident intends to live in the residential property. The FIRB will reject applications on the following grounds: They feel the purchase is speculative in nature. They feel the purchase is for rental purposes. The exceptions to these criteria are newly built residential properties sold by developers and tourist resort properties.

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1974 Ontario Measures

Ontario implemented two measures aimed at curbing house price inflation in the 1970s. A 20% transfer tax on non-residents of Canada (similar to our PTT). An income tax on land speculation aimed at short term speculators (flippers). The taxes were enacted in 1974 and repealed by 1978. The 20% rate for non-residents remained for the acquisition of certain land (farmland) until 1997.

China

To help boost a slowing economy, China recently relaxed rules on foreign ownership.

Restrictions on foreign ownership were put in place in 2006, in an effort to prevent speculation and cool an overheated market that was pricing Chinese citizens out of major markets.

Foreign individuals and companies are now allowed to buy as many properties as they wish, but are still subject to local housing purchase limits.

Previously, foreign residents were allowed to buy only one property on the mainland once they had worked in China for a year.

Korea

There are no special requirements for land or property purchase by foreigners in Korea.

However, the registration process is slightly different for foreigners purchasing property in Korea.

Housing Priority Initiatives Fund

- The Province is investing \$75 million into a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future.
- The fund can receive a portion of revenues from the property transfer tax.

7. What is the Housing Priority Initiatives Fund?

The Housing Priority Initiatives Fund is a new strategic and flexible central fund to implement priority initiatives related to supply of housing, rental housing, or other shelter, and access and support programs and initiatives.

8. What can the money be spent on?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

Vacancy Tax

- Vancouver's city council feels that a record-low vacancy rate of 0.6% puts upward pressure on housing stock and contributes to unprecedented affordability issues.
- We are proposing amendments to the Vancouver Charter to enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.
- The legislation enables, but does not require, Vancouver to impose a vacancy tax and sets out key elements of the tax, but does not prescribe the design details.
- The City of Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

9. Why are you making these changes?

The Province is enabling Vancouver to implement a tax on vacant residential property in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.

10. What is the goal of a vacancy tax?

Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

11. Is vacancy a problem in Vancouver?

A study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

12. Why is the Province allowing Vancouver to design and implement the tax?

It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.

While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

13. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to have the opportunity to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.

After that, if there is general interest from other municipalities, legislative change could be discussed further.

Consumer Protection

- The Independent Advisory Group (IAG) established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016.
- The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.
- The amendments that are proposed to the Real Estate Services Act are intended to restore consumer confidence by increasing transparency and fairness in the real estate sector.
- These changes will help protect British Columbians when they are making the one of the largest investments of their lives – purchasing a home.
- The Province is ending self-regulation of the real estate industry and substantially implementing the key recommendations of the Independent Advisory Group's report.
- The amendments also significantly increase the Superintendent of Real Estate's authority and oversight.

14. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

15. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

16. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

17. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

Questions and Answers
Housing Bill
July 23, 2016

Additional Property Transfer Tax – Rules/Technical

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in the Greater Vancouver Regional District (GVRD) and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. In which situations would a trustee be liable for the additional tax?

A trustee would be liable if the trustee is a foreign entity, or if a beneficiary of the trust is a foreign entity.

3. In which situations would a corporation be liable for the additional tax?

A corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

4. How will you enforce the tax? Your own data showed more than 330 transactions in 19 days in June – how many auditors would be needed?

Audit measures are already in place for the program and these will be extended to encompass the additional tax to ensure that it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is already underway to begin the recruitment. If we determine more are required

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

5. Doesn't this still leave a back door for foreigners to have citizen or permanent-resident proxies buy local property, thus avoiding the tax?

No – Changes to the Property Transfer Tax form and new anti-avoidance rules will help catch transactions structured to avoid the tax in an audit.

Collecting the Social Insurance Number for any Canadian Citizen or Permanent Resident transferee is now mandatory on the PTT return and must be confirmed for accuracy against other government issued identification such as a Canadian passport. The Province is introducing and will be enforcing stringent non-compliance penalties and will be monitoring businesses and individuals filing incomplete or incorrect general or additional PTT returns.

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information may result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

6. Can a foreign buyer register a numbered company to avoid paying the tax?

No. If a numbered company is foreign controlled, it is taxable. As well, our anti-avoidance rule is broad enough to catch the transaction even if the numbered company was domestically controlled at the time of the real estate transaction but changed to foreign controlled after the real estate transaction.

7. Who is liable to pay the tax?

All transferees are jointly and severally liable to pay property transfer tax under the existing Act and the additional tax. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax.

This includes such transactions as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

8. What about a transfer of a bare trust – would that allow the tax to be avoided? Now all the foreign money will simply go into bare trust properties rather than market properties. Is there any way to address that?

The amendments are structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

- 9. You said before there's no incentive to lie on PTT forms – now you've created a big one. How will you be sure people are honest on the form, when the penalties for falsifying the form are dwarfed by the potential tax liability?**

The penalties for providing false information with respect to the additional tax are severe. The fine is the amount of unpaid tax, plus interest, and an additional \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

We are also currently in the process of hiring additional auditors so that we have the resources in place for effective enforcement.

- 10. Why do you need to look at beneficiaries of a trust?**

The look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

- 11. What about a foreign owner who already has a property in the GVRD?**

This tax will not affect foreign owners who already have property in the GVRD, except to the extent they wish to sell to foreign buyers or the tax has a cooling effect on the market, reducing the investment return to the owner.

- 12. What if a foreign entity gets a Canadian to buy and hold residential property for them?**

The legal ownership would be with the Canadian, who would not pay the additional property transfer tax. However the land would be held in trust for the foreign entity and the transaction would be taxable. Failure to pay the appropriate amount of tax and purposefully filling out the tax form in a misleading fashion could trigger penalties for both the foreigner and the Canadian.

- 13. Do I need to claim an exemption or submit the special form if there is no foreign involvement in my purchase?**

No. Submitting the form for the additional tax is required only when there is at least one transferee who is a foreign entity or at least one trustee with beneficiaries who are foreign entities. No exemption is needed – without foreign involvement in the purchase, the additional tax does not apply.

- 14. What if a Canadian from Toronto wants to buy a home in Vancouver?**

The buyer from Toronto will pay the general property transfer tax, but not the additional property transfer tax.

- 15. Why are the treaty lands of the Tsawwassen First Nation excluded at this time?**

We have not heard concerns from Tsawwassen First Nation about the influence of foreign purchasers on its development projects. In respect of Tsawwassen First Nation, we did not wish at this time to increase taxes that might apply on their new residential projects. We will consult with Tsawwassen First Nation in the near future.

16. Do I need to pay additional tax when I register the property?

Yes, if the transaction is subject to the additional tax, you must make payment for both the general and additional tax with your general return filed at the time of registration, and mail in the form for the additional tax on the same day.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

17. How do I file if there is more than one taxable transferee on the transaction?

Transferees must file a single return for the general tax, including payment for additional tax owed, and submit one form for the additional tax.

18. Why can't I submit my additional tax form electronically?

To implement the additional tax in a timely manner, we require a manual filing of the additional tax form for transferees of residential property in the GVRD who are subject to the tax. At some point next year we will combine the additional tax form with the electronic filing of the general tax.

Additional Property Transfer Tax – Revenue Questions

19. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

See Appendix A at the end of this document for examples of the tax payable on transactions at different values.

20. Will tax revenues be earmarked for government housing programs?

No, the additional tax will not be earmarked to a specific purpose.

However, the government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. Subject to approval by Treasury Board, the fund can receive a portion of revenues from the property transfer tax in the future.

21. Will tax revenues be shared with municipalities in the GVRD?

No. This is a provincial tax. Municipalities will benefit to the extent that the tax curbs undue demand pressure in the housing market.

The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

22. What's the purpose of this tax -- to block investment or raise revenues?

The purpose of this tax is to help manage ongoing demand while the market responds by building new homes to meet local demand. By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Even though we are seeing much stronger housing starts since February of this year, it's clear the market and many local governments need more time to deliver enough housing starts to meet the current demand. This measure will help reduce foreign demand from that equation while new homes are being built for local residents. Not every foreign purchaser will necessarily be deterred by the tax.

To the extent that we generate revenue from the tax, the secondary purpose is to raise revenue to fund government priorities, which can include housing-related programs.

23. Based on your June data, if the rate of foreign money doesn't slow down, you stand to reap almost \$500 million per year – what will you do with the money? How will you spend it?

We don't expect the pace of foreign transactions to continue at that pace once the additional tax is in place, but it's too soon to forecast what the effect will be. We will have a better idea in the Second Quarterly Report.

The revenues from this tax will be part of government's general revenues, like all tax revenues. The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

Additional Property Transfer Tax – Political

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27. Critics have said the issue should not be foreigners, but money that flows from overseas – why are you targeting foreigners?

We have seen from our data that more than \$1 billion into B.C. property between June 10 and July 14, more than 86% of it in the Lower Mainland. That's a significant amount of money at a time of heavily constrained supply. Our focus has long been to find ways to increase the supply of new homes at affordable prices – for example the changes we made to the Property Transfer Tax in Budget 2016. But at the present pace of demand and rising prices, it's clear the market needs some help catching up.

28. Won't this tax impact foreign purchasers who are living and working in BC with official permission – such as work visas, visitor visas, etc?

The additional tax applies to all foreign nationals, whether or not they have a visa. If the foreign national were to become a citizen or a permanent resident, the tax would not apply to them. This is about helping manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs.

30. You have consistently said you welcome foreign investment, isn't this tax a reversal of that position? How can you say: we welcome foreign investment, just not in this slice of our economy?

We certainly do welcome foreign investment and we will continue to profile B.C. and attract business to our province. The purpose of this tax is to help manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs. By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Policy Choices

31. Will this close the bare trust loophole?

Like the general property transfer tax, the additional tax applies to transactions registered in our Land Title Office. This is not a tax on transfers of beneficial interests. We are monitoring the data closely and will determine if further action is necessary.

32. Why didn't the government close the bare trust loophole?

The government is still considering the advantages and disadvantages of taxing transfers of beneficial interests that happen outside of registrations at a land titles office. That would be a fundamental change from the current property transfer tax, and is comparable to the creation of a new system with a new tax administration. In June, we started collecting data to better inform this decision.

33. Critics say you should focus on using income tax data to see if purchasers are making appropriate contributions to local revenues, and then only adding surtaxes if they're not paying tax on worldwide income in BC. Why do you consistently reject that approach?

We haven't rejected any approaches – we have consistently said we would act based on data and evaluate all options.

These are complex issues that will require a number of different solutions.

35. Why only in the GVRD?

For now, the clearest need for this response is in the GVRD. The Bill contains regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to make changes quickly.

36. Which communities are within the GVRD?

- Anmore
- Belcarra
- Bowen Island
- Burnaby
- Coquitlam
- Delta
- Electoral Area A
- Langley City
- Langley Township
- Lions Bay
- Maple Ridge
- New Westminster
- North Vancouver City
- North Vancouver District
- Pitt Meadows
- Port Coquitlam
- Port Moody
- Richmond
- Surrey
- Tsawwassen
- Vancouver
- West Vancouver
- White Rock

37. Why 15%? What led you to pick that rate, how do you know it's not too high or too low?

Other jurisdictions faced with similar circumstances apply the same rate. For example, Singapore and Hong Kong both apply a rate of 15% to residential property bought by foreign nationals. The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation. This flexibility will allow government to adjust the tax rate depending on the needs of the market.

The 15% rate also significantly reduces an investor's return on investment, making investment in real estate less attractive to foreign investors.

38. Why aren't you taxing satellite Canadians who do not pay income tax?

Canadians have the right to live where they like in Canada and find employment where they wish around the globe. There are rules in place in Canada in both the Income Tax Act and in our tax conventions with other countries that set out the division of where income tax is paid.

Even if someone is not liable to pay income tax in Canada, they will still be liable to pay consumption and property taxes if they purchase goods or own property here. This is one of the reasons the provincial tax system is comprised of a variety of taxes on income, consumption and property. These taxes, when taken together, are intended to help raise the revenue necessary to fund the wide range of programs and services that British Columbians rely on.

Further, we would not expect a Canadian who stays in Palm Springs four months per year to pay income tax in the United States, if all their income was earned in Canada.

There are many reasons why an individual may not pay income tax in a given year. For example, they may have earned income in the previous tax year or incurred business losses in the current tax year. An individual may have gone back to school, earning no income in the current tax year. A senior collecting their pension may live in a high-value home they have owned for decades. Or, an individual may have a spouse who earns a high income, but earn no income of their own.

39. Why aren't you cracking down on money laundering and tax evasion in B.C. real estate?

Monitoring the flow of money across borders and international tax are extremely complex subjects that are governed by the federal statutes such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Income Tax Act and tax treaties.

Under the federal-provincial tax collection agreements, investigation of income tax evasion is the responsibility of the Canada Revenue Agency (the CRA). Streamlined administration simplifies the tax system and lowers administration costs for both government and individual taxpayers.

In addition to its own investigative powers, the CRA has access to information on cross border transfers of funds collected by FINTRAC. FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, is Canada's financial intelligence unit. FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.

That said, we support the Canada Revenue Agency in its efforts to identify cases of tax evasion in B.C. real estate. We share information to the extent possible under the information-sharing agreements we currently have in place with the federal government.

Minister de Jong discussed his concerns about issues related to tax evasion through real estate with Minister Morneau at the June meeting of Canada's finance ministers in Vancouver. These discussions led to the establishment of a federal-provincial-municipal working group comprised of senior officials from B.C., Ontario, the federal government and local governments. This group is meeting over the summer to identify strategies to strengthen information sharing among the various levels of government, in an effort to further prevent tax evasion in real estate.

Additional Property Transfer Tax – Market Effects

40. If foreign buyers are only 10% of the market, why do you think this tax will have any effect on the remaining 90%? Shouldn't you focus your efforts on the big segment of the market?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

We've made other changes that focus on helping British Columbians enter the housing market. For example, we increased the property transfer tax from 2% to 3% on the portion of a property's fair market value above \$2 million.

We're investing that revenue into the Newly Built Homes exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly constructed or subdivided home worth up to \$750,000. Between Feb. 18 and July 14, this exemption has delivered nearly \$32 million in property transfer tax savings to more than 4,000 British Columbia families.

This exemption provides the additional benefit of incenting developers to build modestly-priced, new housing.

41. Won't this just drive people to purchase outside of the GVRD, and drive up prices in other areas of the province?

The changes made to the property transfer tax form will allow us to monitor transactions by foreign buyers. If we identify significant displacement of foreign capital to other regions, we can make the necessary adjustments by applying the tax in different jurisdictions.

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43. Won't the effect of the tax simply get priced into the market – making properties even more expensive?

The additional tax will immediately reduce the return on any investment by adding 15% to the transaction's cost. This will take away much of the incentive to use residential real estate in the GVRD purely as an investment vehicle.

44. You said you don't want to take steps that could harm the equity BCers have built up in their homes – how can you be sure this measure won't crash the market?

We are taking a cautious approach by applying the tax to the GVRD, where demand appears to be running strongest. We have the flexibility to adjust the tax rates within a range, and to apply or not apply the tax in different regions of the province as necessary.

45. You're likely to get stories of people walking away from contracts – are you troubled by that possibility? What do you say to a BCer whose deal just collapsed because of your tax?

Any time a new tax is implemented there is a period of market distortion, and if the tax is effective I expect some people will find themselves affected in this way. It's certainly a difficult personal circumstance for them. I would hope that the amount of disruption to individuals will be limited, and that new buyers can be found. At this point, there still appears to be very healthy local demand.

46. What impact do you foresee on the prices of homes – will this slow the rise in prices, reverse it?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Trade/Legal Questions

47. You're instituting an exorbitant surtax on people who can't vote – isn't this taxation without representation?

No. This tax applies to foreign entities that make a choice to purchase residential property in the GVRD.

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50. Is there a risk this tax will work too well and scare off other types of foreign investment? How might that reveal itself, and what would you do if it does?

B.C.'s economy has been and continues to be seen as a safe harbour for investment. Even through the tempests of the global economic slowdown, we have emerged from the economic crisis with four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and an economy that is forecast to lead growth among provinces both this year and the next. Since 2001, economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

51. Would foreign governments pay the tax?

Foreign governments operating through a corporation would pay the tax.

52. Do any other jurisdictions have similar taxes or impose restrictions on foreign ownership of property?

- United Kingdom:
 - Non-residents are now subject to capital gains taxation on gains when selling residential property in the UK.
 - Non-domiciled residents who provide security for purchases with offshore assets will be considered to have repatriated those assets and pay income tax as applicable.
 - 15-per-cent stamp duty on those using a company name to buy properties worth more than £500,000.
- Singapore:
 - Increased buyer's stamp duties (PTT) on foreign, corporate, permanent residents, and citizens:
 - 15% additional stamp duty on foreign and corporate purchasers. Was initially 10% but was increased after 10% did not have the desired effect.

- 5% additional stamp duty on permanent residents purchasing a first home. 10% on further purchases.
 - 10% additional stamp duty on citizens purchasing their second and third homes.
- Hong Kong:
- A 5%-20% anti-speculation special stamp duty that is payable on property held for less than 24 months.
 - Implemented a 15% additional Buyers Stamp Duty targeted at foreign investors and companies Measures to restrict mortgage lending to its residents.
 - Strict loan to value ratios
 - Strict Mortgage Servicing Ratios
 - A 40% down payment requirement
- Australia
- Australia has both federal and state taxes for foreign purchasers. Australia also restricts foreign ownership of property. Foreign citizens or companies require approval from a Foreign Investment Review Board (FIRB) in order to buy residential real estate. The FIRB will accept applications where the non-resident intends to live in the residential property. The FIRB will reject applications on the following grounds:
- They feel the purchase is speculative in nature.
 - They feel the purchase is for rental purposes.
- The exceptions to these criteria are newly built residential properties sold by developers and tourist resort properties.
- New York
- New York levies a mansion tax of 1% of the purchase price, if the purchase price is over \$1 million.
- 1974 Ontario Measures
- Ontario implemented two measures aimed at curbing house price inflation in the 1970s.
 - A 20% transfer tax on non-residents of Canada (similar to our PTT)
 - An income tax on land speculation aimed at short term speculators (flippers)
 - The taxes were enacted in 1974 and repealed by 1978.
 - The 20% rate for non-residents remained for the acquisition of certain land (farmland) until 1997.
- China
- To help boost a slowing economy, China recently relaxed rules on foreign ownership.
 - Restrictions on foreign ownership were put in place in 2006, in an effort to prevent speculation and cool an overheated market that was pricing Chinese citizens out of major markets.
 - Foreign individuals and companies are now allowed to buy as many properties as they wish, but are still subject to local housing purchase limits.
 - Previously, foreign residents were allowed to buy only one property on the mainland once they had worked in China for a year.

- Korea
 - There are no special requirements for land or property purchase by foreigners in Korea.
 - However, the registration process is slightly different for foreigners purchasing property in Korea.

Additional Property Transfer Tax – Detailed Technical

53. Do I need to submit a form under 2.02(3) if I don't have any foreign transferees or transferees who are trustees of a trust with a foreign beneficiary?

You will only need to submit a form for additional tax for transfers of residential property in a prescribed area with a foreign transferee or when a foreign entity holds a beneficial interest in a trust.

54. I am a foreign entity making a purchase of a business property that has a small amount of residential property associated with it. Do I need to pay the tax?

Yes, the foreign entity as defined in the tax must pay additional property transfer tax on the residential portion, but not on the business portion of the transaction.

55. Does the treatment of beneficiaries start to remove the distinction in the tax between legal and beneficial owners?

The general tax remains a tax on the transferee. In the additional tax, we will look through Canadian trustees to see if there is a foreign beneficial interest.

56. What if there are Canadian beneficiaries as well as foreign entity beneficiaries in the trust.

The transferee of a trust is considered to fully be a foreign entity if at least one beneficiary is a foreign entity.

57. I am not sure my property meets the definition of residential

Refer to the most recent assessment notice from BC Assessment. Or, contact the Property Taxation Branch – property transfer tax enquiries – at: 250 387-0604, 1 888 355-2700 (Toll free), or pttenq@gov.bc.ca.

Housing Priority Initiatives

58. Why are these amendments being introduced?

These amendments are complementary to and necessary to support other proposed amendments to the Property Transfer Tax Act.

A new immediate, strategic and flexible central funding vehicle is needed to facilitate early implementation of priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

It is expected that Individual priority proposals that support Cabinet's direction will be brought forward by ministries for Treasury Board consideration. A new strategic and flexible funding vehicle, as proposed in the amendments, will assist Treasury Board in addressing those priority proposals within the Fiscal Plan and in recognition of current limitations within other existing authorities.

59. What do the amendments do?

The amendments establish the Housing Priority Initiatives special account, along with its operating rules and oversight. The Account's purpose is to provide a strategic central funding vehicle for priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The amendments define inflows to the Account, which primarily include transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The amendments provide for a wide range of purposed spending activities ranging from operating and grant expenditures; funding capital investments in land and housing/rental infrastructure; to funding loans and guarantees that support new or ongoing priority initiatives in respect of provincial housing and rental/shelter supply and access and support programs.

All spending must have the prior approval of Treasury Board.

60. How do you justify giving yourself the ability to spend taxpayer money without legislative scrutiny, oversight, debate and a vote? Isn't this just a way to bypass the budget and Estimates process? How is this transparent?

Like all legislation, the bill to establish this special account is being introduced in the Legislature for full and transparent debate and approval within a public forum.

The opportunity created by the other proposed amendments that this legislation is intended to support wasn't there when Budget 2016 was developed and passed.

That opportunity exists today with the requested passage of this package of legislation and as a consequence there is also an immediate need for a vehicle so the Province can utilize that opportunity to respond to priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The special account will be under strict oversight of the Minister of Finance and Treasury Board. As part of the government's Consolidated Revenue Fund, going forward the new Account will be

reported on through annual Budgets and Estimates, quarterly reports, service plans, and the annual Public Accounts.

Reporting on the proposed special account could come as early as the First Quarterly Report in September 2016. Government might also consider preparing a dedicated public report to outline spending out of the special account and the purposes for which the spending was provided. This, for example, could be part of a more comprehensive document about the Province's overall housing strategy.

61. What spending controls are there for this special account?

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, but prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

62. You're giving yourself statutory authority to spend Property Transfer Tax revenues – what are your spending plans?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

While it is still early, individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

63. What consultations have you done?

While specific consultations have not taken place publicly or across the public sector in relation to the creation of the new special account, the underlying needs for which the special account is intended to help address are well understood and the Province has heard public concerns in a variety of consultation venues.

The Privacy and Legislation Branch (PLB) has been consulted and confirmed that consultation with the OIPC was not required. The legislative amendments do not contemplate or create new matters of personal information collection or use outside of the parameters covered by FOIPPA.

64. What don't you simply use the Contingencies vote or bring in Supplementary Estimates to deal with the need for new spending authority this year?

The opportunity created by the other proposed legislative amendments will likely be well in excess of what the Contingency vote can provide. As is the usual case, there are already a number of pressures in ministries that may require allocations from the Contingencies vote.

Supplementary Estimates are not practical at this time. It is still early and individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries in an orderly way for Treasury Board consideration.

The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

65. Why would the special account need to make loans and guarantees? Won't this affect provincial debt?

The new special account is intended to be self-funded so there should be no impact on provincial debt.

The proposed amendments define inflows to the Account, which primarily includes transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Consumer Protection – Self-Regulation

66. How can you say self-regulation is ended?

Following the amendments industry will have NO formal role in the regulation of the real estate sector:

- All members on the Real Estate Council will be appointed by government;
- All rules will be made by the Superintendent, not Council.
- Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

67. Doesn't Council's continued ability to impose discipline mean that self-regulation continues?

No. Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Again, industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – IAG Recommendations

68. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

69. Why do the amendments not implement all of the IAG recommendations?

Most of the IAG recommendations that relate to legislation are included in the amendments.

The exceptions are those that are currently outside the legislative scheme of the Real Estate Services Act and the recommendation to provide the council with the responsibility to investigate unlicensed activity.

The amendments provide the Superintendent with broad oversight of council, and go further than the IAG recommendations in transferring rule making authority from council to the superintendent and in replacing the industry-elected members on Council with members appointed by the government.

The superintendent's rule-making authority will allow it to implement the non-legislative IAG recommendations.

70. Why do the amendments not implement the recommendation to provide council with the responsibility to investigate unlicensed activity?

The amendments provide for increased oversight of council and for new disciplinary powers for council. Council needs to focus on improving its investigation and discipline of licensees before an increase in its regulatory responsibility can be contemplated.

71. So who is responsible for unlicensed activity?

The Superintendent of Real Estate.

72. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

73. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

74. Can you tell us the distinction between dual agency and double ending?

Dual agency occurs when a licensee acts as agent to parties with opposing interests in a real estate transaction. For example, a licensee may be the real estate agent for both the seller of real estate and the buyer of real estate or a licensee may be acting for two different buyers bidding for the same real estate. The concern with dual agency is that the licensee cannot, in practice, fully act in the best interests of both parties if the interests of those parties are in conflict.

Double ending occurs when a licensee receives both the seller's and buyer's portion of the commission for a transaction. This most often occurs when a licensee is acting as a dual agent, but can also occur where a buyer is not represented by a licensee.

Dual agency and double ending may result in an unshared commission being received by a single licensee. However, under dual agency the licensee has the obligation to act as agent to both parties, even if the execution of this obligation is impractical.

75. Will the fees that licensees have to pay increase?

We are currently considering the staffing and resourcing requirements that the Council will need. We cannot definitively say whether fee increases will be necessary until we understand the requirements needed to support the additional workload.

Consumer Protection – Superintendent

76. Will additional resources be available to the Superintendent?

Assessment of the resource requirements for the Superintendent's office is underway.

77. How many staff will the Superintendent have?

The Superintendent will have the necessary resources required to carry out its mandate. The number of staff is being determined.

78. How will the Superintendent's office be funded?

The Superintendent's office will continue to be funded through licence fees.

79. When will the Superintendent begin his or her role?

The Deputy Minister of Finance is in the process of hiring a Superintendent dedicated to Real Estate. This is a high priority within the Ministry and for the Deputy Minister of Finance. He or she will begin working as soon as possible.

Consumer Protection – Real Estate Council

80. Does the real estate council continue to exist?

Yes. The council will continue its role with respect to handling licensing and bringing disciplinary actions, but it will do so under the oversight of the superintendent of real estate. Council's ability to make rules that govern licensee conduct have been transferred to the Superintendent.

81. Who will be appointed to the Real Estate Council?

The Province's Board Resourcing and Development Office will follow its standard process for making recommendations about appointments to government. The overarching governing principles of this process are: merit-based selection; transparency; consistency; probity (appointees must be committed to the values of the public service); and proportionality (the process for selection will be appropriate for the nature of the post).

82. Will any industry members be appointed to the Real Estate Council?

Our priority is to minimize industry representation, but we recognize the value of experienced and practical voices on the council.

83. What happens to the existing council members?

Council members that were elected or appointed by council will cease to be council members once the amendments come into force. Council members that were appointed by the Lieutenant Governor in Council will continue to be council members.

84. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

85. What happens to council staff?

The Council will continue to require the existing complement of staff to fulfill its revised mandate and may even require additional staff to fully meet its responsibilities.

86. Does this mean the council (and related corporations) become part of the government reporting entity?

It is likely that the Council will become part of the government reporting entity, as government will be appointing all council members and has control over the Council.

87. Why are you keeping the two appointed members on Council?

Two existing government appointees are being reappointed as they are new to the board. They were appointed mid-2015, and typically appointees serve up to six years. The two council members who are being reappointed are well qualified and bring important skills and attributes to the board.

A number of important changes are anticipated that will bring new leadership and change to the regulator and the industry. Government is in the process of hiring a new Superintendent of Real Estate. In this context, some stability and continuity on the board is important.

88. What will the role of Council staff be?

Staff will continue to receive complaints, investigate potential contraventions, and support the new Council as it determines whether to issue a notice of hearing and conducts discipline hearings.

89. Why does Council continue to be responsible for discipline?

Council will continue to be responsible for discipline. As well, Council will have more penalty tools available to ensure licensees are properly deterred and punished for any misconduct.

The Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – Legislation

90. What do these amendments do?

These amendments effectively end the self-regulatory status of the real estate council by providing that all members of the council are to be appointed by the government, instead of having the majority of council members elected by industry.

91. Why is the strata owner council position being removed? Wasn't this position independent?

Council was provided the ability to appoint a strata owner to council to ensure the concerns of this constituency were represented. This was required to address the fact that council was largely comprised of elected real estate agents. As all council members will now be appointed, government will be able to ensure the composition of the board adequately reflects the interests and perspectives of all stakeholders.

92. Why are disgorged commissions not returned to the consumer?

The amendments provide that disgorged commissions, like discipline penalties, must be remitted to the council for the purposes of licensee and public education. The amendments allow for a regulation to be developed should it be considered effective and appropriate to allow for other uses of disgorged funds.

93. Why do the amendments not protect the public from predatory buyers and sellers that are not required to be licensed?

The IAG's recommendations to extend government's assignment disclosure regulation and to extend the legislative regime to high volume unlicensed activity are beyond the scope of the Real Estate Services Act. However, this may be something that we look at in the future.

Consumer Protection – Operations

94. What progress has been made in developing the implementation plan?

Once the new Superintendent is in place, he or she will begin to develop the implementation plan that flows out of the legislative changes, and put into action any operational changes necessary.

Work is already underway to consider what the staffing and resourcing requirements Council will have.

95. Who will handle complaints and discipline?

Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings).

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

96. Who will handle unlicensed activity?

The superintendent will continue to be responsible for unlicensed activity. The amendments generally give less power to council, and expanding council's role per the IAG recommendations is contrary to the direction of the amendments.

97. What happens to the existing rules?

The existing rules will be deemed to be the rules of the superintendent, and will continue to remain in force.

98. Which IAG recommendations are not addressed by the amendments?

The amendments do not implement any IAG recommendations that can be implemented by rules or that are operational in nature. Also, recommendations involving unlicensed activity (extending shadow flipping regulation to all real estate contracts, for sale by owner regulation), including the recommendation to transfer oversight of unlicensed activity to council are not provided for in the amendments.

99. Who will have power to make bylaws?

The council will retain the power to make bylaws. However, the superintendent is provided with new powers to direct council to make, amend, or repeal a bylaw.

Consumer Protection – General

100. What other Canadian jurisdictions have self-regulation of the real estate industry?

Self-regulation of real estate exists in Alberta, Saskatchewan, Ontario, Quebec, and Nova Scotia. In these provinces, provincial law and regulation establish real estate councils to license real estate professionals and to create and administer the rules agents must follow.

In the territories and the four provinces without real estate councils, provincial governments directly license agents and regulate the profession.

101. Do these amendments reverse the 2005 changes in real estate regulation?

Only in part. These amendments change the structure of real estate regulation by ending the self-regulatory status of real estate agents. Other changes implemented in 2005, such as the regulation of strata managers and the establishment of a compensation fund, continue on.

Vacancy Tax

102. What is the purpose of this legislation?

- The Province is enabling Vancouver to implement a stand-alone tax on vacant residential property. The Province is acting in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.
- Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

103. What is the scale of the vacant property problem in Vancouver?

- The intent of the tax is to increase the rental housing stock on the market; a study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

104. Why is the Province allowing Vancouver to design and implement the tax?

- It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.
- While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

105. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

- Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to first be in a position to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.
- After that, if there is general interest from other municipalities, legislative change could be discussed further.

106. How will you know if there is interest in other places? Do other municipalities just get to ask for this authority, like Vancouver?

- The usual process for seeking amendments to the *Community Charter* or other core legislation that applies to local governments throughout B.C. is through the Union of BC Municipalities (UBCM), which represents all local governments. Through its annual resolutions process, UBCM members debate, vote on and adopt resolutions on a variety of issues, including ones seeking legislative change. The Province responds annually to those resolutions.

107. How will the public know if the tax is effective? Does Vancouver have to account for the use of the revenues collected from this tax?

- Vancouver is required to provide an annual report on the vacancy tax that must include the amount raised and how it was used; and ensure that the report is publicly available. Vancouver's use of revenue generated from the vacancy tax is limited to the purposes of initiatives respecting affordable housing; and paying the costs of administration of the tax.

108. What else is the Province doing to support affordable housing?

- In Budget 2016, the Province increased the property transfer tax rate to 3% on the value of homes above \$2 million, and invested that money in the Newly Built Home exemption, which can save buyers up to \$13,000 on the purchase of new housing valued up to \$750,000. This measure aims to stimulate greater housing supply in the market at an affordable price.
- The Province is also investing \$355 million over the next five years to support the construction or renovation of more than 2,000 units of affordable housing. In addition, the Province has also started collecting citizenship information from buyers when they register properties to help us understand the extent that foreign capital is driving the housing market.
- And as my colleague Minister de Jong has mentioned, the Province will also be introducing legislation to support consumer protection by ending self-regulation of the real estate industry.

109. What are other jurisdictions doing?

- This would be a unique taxation authority in Canada.
- Research has only found two worldwide examples of a vacancy tax imposed locally for the purpose of addressing housing affordability (i.e., some boroughs in Greater London, England such as Camden impose a 50% vacancy premium on their equivalent of municipal property taxes for properties empty for set periods over the prior two years; France imposes such a tax for municipalities over 200,000 population, at a rate of roughly 10% of annual rental value).
- While the tax itself would be unprecedented in Canada, it is expected to generate interest in some other B.C. local governments seeking revenue tools to address the same issues and/or seeing it as a new tool to raise funds.

Vacancy Tax Legislation – General Questions

110. Why isn't the Province enabling a separate vacant residential property class under the *Assessment Act* for Vancouver? Wouldn't an assessment approach simplify things?

- A vacant residential property class or sub-class would be applied on a province-wide basis, as are all assessment provisions. The risks of such a broad application are currently unclear, and may lead to unintended consequences for municipalities and tax administrators. Therefore, it is more appropriate to enable Vancouver to impose a vacancy tax, and ensure that any revenues are used to support the administration of the program and fund affordable housing initiatives in Vancouver.

111. What properties is this targeting? What constitutes a "vacant" property?

- The legislation authorizes Vancouver to tax residential properties that are in Class 1 of the *Assessment Act* and meet the criteria to be set out in Vancouver's vacancy tax bylaw. Such residential properties may include single family dwellings, apartments, and condominiums, but not hotels and motels.
- The length of time and the circumstances that constitute "vacant property" will be defined by Vancouver bylaw. As well, Vancouver will have broad authority to establish exemptions from the tax for properties that may be vacant but should not be taxed (e.g. estates in probate; properties awaiting a demolition permit). Given the variety of possible scenarios, how "vacant property" is defined can only be determined by Vancouver.

112. What will the tax rate be?

- The rate or amount of the tax will be determined by Vancouver, and may be different for different categories of residential properties, registered owners and/or vacant properties (also to be determined by Vancouver). Vancouver will also determine the basis for the tax rate – whether for example it is a percentage of the assessed value of the property or an amount per parcel.

113. When would this vacancy tax take effect?

- It is anticipated that it will take some time for Vancouver to design the tax, but the timing of implementation is up to Vancouver to decide.

114. Will there be exemptions from the tax?

- The legislation requires Vancouver to establish exemptions from the tax in their vacancy tax bylaw, as there will be many different situations to be accommodated. As Vancouver will be responsible for the details of the design of the tax, it will be up to Vancouver to determine what these exemptions will be.

115. What if the owner only uses the property part-time or occasionally? What if the owner has an unrented suite or carriage house on an owner-occupied property?

- As Vancouver will be responsible for the details of the design of the tax and the definition of "vacant property", it will be up to Vancouver to determine whether any of these properties would be subject to the tax.

116. What if a strata corporation does not allow or limits rentals? Will Vancouver have the authority to require strata corporations to permit rentals?

- If a strata corporation allows only limited rentals or prohibits rentals, this legislation will not require the strata corporation to revisit their policies in this regard.

Vacancy Tax – Collection and Enforcement of the Tax

117. What happens if the owner doesn't pay the tax? What are the collection and enforcement remedies?

- Vancouver will have the authority to establish penalties and interest for non-payment and late payment of the tax. Ultimately, the legislation authorizes Vancouver to choose to apply the full range of remedies available for collection and enforcement of property value taxes under the *Vancouver Charter* to also enforce the vacancy tax.
- That means that properties could be required to be put to tax sale where taxes are delinquent for two years.

118. How can property owners appeal/complain if they disagree with Vancouver's determination of their property status?

- One of the required elements of a vacancy tax bylaw is for Vancouver to establish a process for hearing and determining complaints, including providing for a review process for determination of complaints. As Vancouver further develops its design of the tax and process for its administration/collection, the Province is happy to discuss any issues that may arise or need to consider potential future amendments to ensure the fairness of such a review process.

Vacancy Tax – Data/Collection of Information

116. How will Vancouver identify vacant properties? Are property owners required to provide this information?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied. Failure to provide required information could have various consequences, including fines, and most significantly that the property is considered to be vacant and taxable.

117. Can the information collected from property owners for the purpose of the vacancy tax be used for other purposes?

- Information collected from property owners is often personal information. Personal information gathered by Vancouver must be collected and used in accordance with the *Freedom of Information and Protection of Privacy Act* (FOIPPA) which has, as its starting point, that information may only be used for the purpose for which it is collected.

118. Does the legislation authorize Vancouver to access 3rd party-collected data, e.g. provincially held personal information?

- No. The legislation currently does not authorize Vancouver's access to or agreements around 3rd party-collected data (e.g. provincially-held personal information such as Home Owner Grant claims or Drivers Licence/BC ID information).
- This would require detailed consultations with the Office of the Information and Privacy Commissioner (OIPC). As Vancouver actually designs its tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussions and consider the potential for future data-related amendments.

119. Isn't data essential to Vancouver being able to design the details of this tax? Otherwise, how are they going to determine which properties should be taxed?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied.
- As Vancouver actually designs the tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussion and consider the potential for future data-related amendments.

120. Why didn't you add the provision suggested by the Office of Information and Privacy Commissioner, to ensure that Vancouver could only use information and evidence collected from property owners for the purposes of the vacancy tax?

- Vancouver is already required to operate under the *Freedom of Information and Protection of Privacy Act* for any personal information it collects. Section 32 of that Act establishes the core rule that personal information may only be used for the purpose for which it was collected and, in limited circumstances, for a consistent purpose.
- Once Vancouver has undertaken more detailed design of the tax and how it will be administered, further discussion about issues related to information/data collection and sharing may be needed; that would be the best opportunity to discuss the suggested provision with Vancouver and with the Office of Information and Privacy Commissioner.

121. Can Vancouver enter residential property to verify if the property is vacant?

- The proposed legislation includes a limited power of entry for an authorized person onto a property (after reasonable steps) for the purpose of determining or verifying the status of the

property for purposes of the vacancy tax. This authority is consistent with normal municipal authority to determine compliance with their bylaws.

- Additionally, the authorized person may only enter into a residential property (e.g., a private dwelling) if the individual occupying the property, if any, consents.

122. Why is there no warrant authority to enable Vancouver to enter into a building or dwelling?

- The creation of a warrant authority for the purposes of the vacancy tax raises complex constitutional issues and would require further legal consideration as well as consultation with the judiciary. As with the question of specific data needs, the Province is open to having further discussion on this issue with Vancouver as it actually designs the details of the tax, and consider the potential for future amendments if the need arises.

123. If the legislation doesn't provide for entry into property and it doesn't give Vancouver access to third party data, does this legislation actually give Vancouver the authority it needs to implement this tax?

- Yes. The legislation balances flexibility in the enabling framework for Vancouver's design of the tax scheme while providing enough certainty in the legislation for the tax to be legally valid. To uphold principles of fairness and equity in taxation, the legislation enables Vancouver to start broadly in identifying residential properties and then narrow down those subject to the tax through self-declaration.
- It gives Vancouver the authority to require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied. It also provides consequences for not providing that information – most importantly, that the property can be considered vacant and subject to the vacancy tax.
- As Vancouver actually undertakes more detailed design of the tax and if it identifies specific data needed for specific purposes the Province is open to further discussion and considering the potential for future data-related amendments.

124. Why isn't the legislation enabling tax modelled on the approach suggested by UBC Sauder School of Business (Professor Joshua Gottlieb)?

- As I understand it, the model supported and proposed by the UBC Sauder School of business is a 2% property value tax based on assessed value of a property, which would then be negated on a sliding scale by application of an exemption based on income taxes paid by the registered property owner.
- While the starting point of such a tax would be the parcel of property, whether a registered owner of such property pays tax would be determined by an exemption based on income taxes

paid by the registered owner. The Sauder School approach would be entirely dependent on Vancouver being able to access federal income tax information.

- The proposed legislation for the Vancouver Vacancy Tax provides Vancouver with the authority to impose a municipal tax in relation to residential properties that are vacant. The legislation, as proposed, does not authorize Vancouver's access to or entry into agreements around third party-collected data. This level of information/data access would require detailed determination of necessary personal information sources, authorization for information sharing and detailed consultations with the Office of the Information and Privacy Commissioner (OIPC) and in relation, to income tax information, consultations with the federal government.
- Vancouver had initially requested an assessment based (i.e., property tax) to impose on vacant properties and later raised the possibility of imposing a property based Business Tax. The authority contained in the proposed legislation/ Bill is consistent with municipal taxation authorities in BC and Canada and does not require data availability on the income of registered owners of subject properties, necessitating negotiation of income tax information sharing between Vancouver and the Province/Federal Government which, in turn, raises privacy concerns around use, sharing and custody of personal information.

125. Lower Mainland mayors have proposed an alternate approach where a tax would be imposed on a property and exempted where the property is used as a principal residence (non-resident tax). Wouldn't this be easier to administer and help avoid a patchwork approach to addressing the issue?

- There is no one right approach to increasing rental stock in Vancouver; every approach will have its pros and cons.
- We are supporting Vancouver in its request for a municipal tax on vacant property to address a historically low vacancy rate, which it considers to impact housing affordability. The purpose of the tax is to provide an incentive for owners of empty homes to add them to the rental pool. This tax is intended to help address housing availability and affordability.
- My understanding of the non-resident tax proposed by some Lower Mainland mayors is that an owner would be levied an additional property tax for any property that is not a principal residence. This raises some questions about how this would assist in addressing the low vacancy rate, and whether it may have the effect of increasing rents for those units that are currently occupied. It is not at all clear that this type of tax would be easier to either design or administer, as it also raises legal and tax equity issues, and could certainly present some significant property conveyancing issues.

Appendix A: Examples of Tax Payable

Home value	Regular tax	Additional tax	Total	Total as a % of home value
\$100,000	\$1,000	\$15,000	\$16,000	16.0%
\$200,000	\$2,000	\$30,000	\$32,000	16.0%
\$300,000	\$4,000	\$45,000	\$49,000	16.3%
\$400,000	\$6,000	\$60,000	\$66,000	16.5%
\$500,000	\$8,000	\$75,000	\$83,000	16.6%
\$600,000	\$10,000	\$90,000	\$100,000	16.7%
\$700,000	\$12,000	\$105,000	\$117,000	16.7%
\$800,000	\$14,000	\$120,000	\$134,000	16.8%
\$900,000	\$16,000	\$135,000	\$151,000	16.8%
\$1,000,000	\$18,000	\$150,000	\$168,000	16.8%
\$1,100,000	\$20,000	\$165,000	\$185,000	16.8%
\$1,200,000	\$22,000	\$180,000	\$202,000	16.8%
\$1,300,000	\$24,000	\$195,000	\$219,000	16.8%
\$1,400,000	\$26,000	\$210,000	\$236,000	16.9%
\$1,500,000	\$28,000	\$225,000	\$253,000	16.9%
\$1,600,000	\$30,000	\$240,000	\$270,000	16.9%
\$1,700,000	\$32,000	\$255,000	\$287,000	16.9%
\$1,800,000	\$34,000	\$270,000	\$304,000	16.9%
\$1,900,000	\$36,000	\$285,000	\$321,000	16.9%
\$2,000,000	\$38,000	\$300,000	\$338,000	16.9%
\$2,250,000	\$45,500	\$337,500	\$383,000	17.0%
\$2,500,000	\$53,000	\$375,000	\$428,000	17.1%
\$2,750,000	\$60,500	\$412,500	\$473,000	17.2%
\$3,000,000	\$68,000	\$450,000	\$518,000	17.3%
\$4,000,000	\$98,000	\$600,000	\$698,000	17.5%
\$5,000,000	\$128,000	\$750,000	\$878,000	17.6%
\$6,000,000	\$158,000	\$900,000	\$1,058,000	17.6%
\$7,000,000	\$188,000	\$1,050,000	\$1,238,000	17.7%
\$8,000,000	\$218,000	\$1,200,000	\$1,418,000	17.7%
\$9,000,000	\$248,000	\$1,350,000	\$1,598,000	17.8%
\$10,000,000	\$278,000	\$1,500,000	\$1,778,000	17.8%

July 25, 2016

Office of the Premier
Ministry of Finance

NEWS RELEASE

Action on foreign investment, consumer protection and vacancy puts British Columbians first

VICTORIA - Legislation introduced today creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016, was introduced in the legislature today.

"Owning a home should be accessible to middle-class families, and those who are in a position to rent should be able to find a suitable home," Premier Christy Clark said. "These changes are about helping to make sure that British Columbians can continue to live, work and raise their families in our vibrant communities."

An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations. The additional tax will take effect Aug. 2, 2016, and will apply to foreign entities registering their purchase of residential property in Metro Vancouver, excluding the treaty lands of the Tsawwassen First Nation.

For mixed-use property, the additional tax would apply on the residential component of the foreign interest in a property. For example, the additional tax on the purchase of a home valued at \$2 million will amount to \$300,000.

"The data we started collecting earlier this summer is showing that foreign nationals invested more than \$1 billion into B.C. property between June 10 and July 14, more than 86% of it in the Lower Mainland," said Finance Minister Michael de Jong. "While investment from outside Canada is only one factor driving price increases, it represents an additional source of pressure on a market struggling to build enough new homes to keep up. This additional tax on foreign purchases will help manage foreign demand while new homes are built to meet local needs."

Second, the government is creating a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future. The fund will receive an initial investment of \$75 million. It will receive a portion of revenues from the property transfer tax, including revenues from the new additional tax on foreign buyers.

Third, the Province is amending the Real Estate Services Act to substantially implement the key recommendations of the independent advisory group report, and to end self-regulation of the real estate industry. Government has accepted all the recommendations in the report. These changes will increase significantly the superintendent of real estate's authority and oversight.

The power to make the rules that apply to the conduct of licensees will rest with the new superintendent of real estate instead of with council. The new superintendent will also have the

authority to direct and oversee council operations, including requiring council to investigate a particular matter, issue a notice of a disciplinary hearing, and provide reports on the operations and activities of council to the superintendent. As well, the chair, vice-chair and all other members of the council will be appointed by government.

"We need to ensure that when people are ready to make such an important investment, the proper protections and oversight are in place," said de Jong. "Consumers must be confident their interests are held above all else."

Fourth, amendments to the Vancouver Charter provide the legislative authority for the city to implement and administer a tax on vacant homes. The City of Vancouver will design the framework of the vacancy tax, including details like the tax rate, when it will apply and any necessary exemptions.

"The issue of housing supply and affordability is impacting British Columbians and the livability of our Province, especially the Metro Vancouver region," said Minister Peter Fassbender. "The City of Vancouver has identified the need for a vacancy tax in order to meet rental supply issues. We are taking action by introducing legislation today that enables them to do this work."

The Province is working on additional measures to address the complex causes of rising housing prices in Metro Vancouver, as well as other regions of the province. This work focuses on ensuring the dream of home ownership remains within the reach of the middle class, increasing housing supply, smart transit expansion, supporting first-time home buyers, strengthening consumer protection and increasing rental supply.

Learn More:

Learn more about the proposed changes to the property transfer tax:

<http://www2.gov.bc.ca/assets/download/EF32791C743F418FA754D619308FC2CE>

Two backgrounders follow.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

BACKGROUNDER 1

Additional property transfer tax for foreign entities

Effective Aug. 2, 2016, foreign nationals, taxable trustees and foreign-controlled corporations registering their purchase of residential property in Metro Vancouver will pay an additional 15% tax on the residential component of the foreign interest in a property. The tax does not apply within the treaty lands of the Tsawwassen First Nation.

The additional tax presently only applies in the Metro Vancouver, but government can prescribe in regulation other areas where the additional tax would apply. The Province continues to monitor data on foreign investment and foreign ownership in B.C.'s real estate market.

Application:

A trustee will be subject to the additional tax if the trustee is a foreign entity, or if at least one beneficiary of the trust is a foreign entity. Similarly, a corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

The additional tax will only apply to the portion of a property's value that is for residential use. For example, if a foreign corporation purchases a mixed-use development that combines residential space with commercial space, the additional 15% tax will apply only to the portion of the property's value that is for residential use.

Enforcement:

Audit measures already in place for the property transfer tax will be extended to encompass the additional tax. Additional auditors will be required and the process is underway to begin recruitment to ensure the additional tax is paid by those required to do so under the legislation.

The amendments extend the limitation period for audit and enforcement of the additional tax to six years. The existing limitation period for the regular tax is one year. The property transfer tax return form will be updated to require a Social Insurance Number from all transferees who are Canadian Citizens or permanent residents. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Avoidance Rules:

The amendments include anti-avoidance rules designed to capture transactions that are specifically structured to avoid the tax. For example, a transferee who would otherwise be taxable cannot hide behind a local trustee. The legislation is structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not foreign.

Increased Penalties:

Fines payable as a result of offences with respect to the additional tax are the amount of unpaid tax, with interest, plus up to \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

Media Contacts:

Stephen Smart
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BACKGROUNDER 2

Strengthening consumer protection and restoring consumer confidence

The independent advisory group established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016. The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.

The report made 28 primary recommendations to enhance governance, oversight, transparency and accountability to consumers. The Province accepted the report's recommendations, and is taking the additional steps of ending self-regulation of the industry and dramatically increasing the superintendent of real estate's oversight and authority.

The following amendments are proposed to the Real Estate Services Act in response to the recommendations of the independent advisory group:

- * Increase maximum disciplinary and administrative penalties (recommendation #16).
- * Allow for commissions from licensees and brokerages engaging in misconduct to be taken back to the Real Estate Council. (recommendation #17).
- * Require all members of council to be appointed by government (expansion of recommendation #19).
- * Significantly increase the superintendent's oversight of council (recommendation #21).
- * Allow owners to train and supervise licensees only if owners are themselves licensees (response to recommendation #23).

The amendments provide the superintendent of real estate with the exclusive rule-making powers that previously rested with the Real Estate Council.

The superintendent of real estate has been given explicit authority in the following areas, to address the recommendations of the IAG:

- * Establish a Code of Ethics (recommendation #1).
- * Prohibit licensees from offering dual agency and require licensees to provide information to unrepresented parties (recommendation #2).
- * Establish standards of conduct and business practices for licensees (response to recommendations #3, #4, #9, #11).
- * Establish conditions and restrictions on a licensee acquiring an interest in trade (recommendation #7, #8).
- * Strengthen requirements for managing brokers to have active and direct oversight over licensees (recommendation #22).

* Require licensees to keep records and report information to Council (recommendation #24).

The recommendations respecting authority over unlicensed activity, which remains with the superintendent of real estate, and the extension of contract assignment rules to transactions not involving licensees require further analysis by government, the superintendent and the Real Estate Council of B.C. (recommendations #6, #20).

Other recommendations do not require any additional authority and plans for their implementation are underway (recommendations #5, #10, #12, #13, #14, #15, #18, #25, #26, #27, #28).

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
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250 356-2821

Connect with the Province of B.C. at: www.gov.bc.ca/connect

MEETING - Backgrounder

Meeting Date: July 19, 2016

Cliff: 351978

MEETING: BC REAL ESTATE ASSOCIATION

ISSUES: VANCOUVER VACANCY TAX AND CHANGES TO REGULATION OF THE REAL ESTATE INDUSTRY

KEY FACTS REGARDING THE ISSUE:

- The BC Real Estate Association is the professional association for more than 20,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to REALTORS®.
- A summer session of the Legislature will be convened on July 25 to
 - give Vancouver authority to impose a vacancy tax on empty homes, and
 - implement changes to real estate industry regulation, including ending self-regulation and acting on recommendations of the Independent Advisory Group's report to the Real Estate Council of BC.
- Vancouver Mayor Gregor Robertson requested authority for a new vacancy tax in a June 27 meeting with the Minister of Finance.
- The rationale for a vacancy tax is to increase the supply of rental housing. More than 10,000 homes in Vancouver are vacant, according to a city analysis of hydro usage.
- Vancouver would implement and administer the tax, which is intended to apply only to owners of residential units that are not occupied for at least a year.
- The Premier has announced that self-regulation in the real estate industry will end, and the Independent Advisory Group's June recommendations to the Real Estate Council of BC will be accepted, including the recommendation to end dual agency.
- Dual agency occurs when a licensee acts as agent to parties with opposing interests in a real estate transaction.
- Licensees have expressed the concern that in some cases, such as in small communities with few licensees or where real estate is being transferred amongst parties with aligned interests (e.g. between family members), dual agency may be necessary or appropriate.
- Proposed amendments to the *Real Estate Services Act* (RESA) will end self-regulation of the real estate industry by giving the Superintendent of Real Estate new powers to oversee and direct the Real Estate Council of BC (Council), removing the power to make rules from council and give them to the Superintendent and providing for all Council members to be appointed.
- Proposed amendments to RESA will also implement many of the Independent Advisory Group's recommendations, including significant increases to the penalty regime and new powers to disgorge commissions. The amendments do not address recommendations that may be implemented by rules or that are operational in nature. The recommendation to transfer oversight of unlicensed activity to Council and the recommendation to extend the shadow flipping regulation to all real estate contracts, including "for sale by owner," are not provided for in the amendments.

ADVICE:

- Amendments to the Vancouver Charter will allow Vancouver to proceed with its plans to impose a vacancy tax on residences, starting in the 2017 taxation year. Vancouver is responsible for developing and implementing the tax.
- The Premier has committed to ending self-regulation in the real estate industry and has accepted the recommendations of the Independent Advisory Group's report.
- Staff at the Ministry of Finance continue to review the Independent Advisory Group's recommendations and other issues related to real estate regulation, including the implications of a full ban on dual agency and the practice of double ending.

	Name	Number
Program Area Contact:	Chris Dawkins, Executive Director	250.387.7567

MEETING - Backgrounder

Meeting Date: July 19, 2016

Cliff 351977

MEETING:

- The **Urban Development Institute (UDI)** is a national non-profit association (with international affiliations) which represents the interests of residential, commercial, industrial and institutional developers. It has a mandate to ensure advocacy in three broad areas: affordability, environmental leadership and regulatory efficiency.
- Anne McMullin is the President and Chief Executive Officer of UDI, and regularly writes to government to express the views of the organization.

ISSUES:

- UDI has a number of concerns with the BC property market, and is particularly concerned with housing affordability in metro Vancouver.
 - UDI has recently recommended a Policy Committee on Taxation to investigate methods to reduce the tax burden on small business and improve housing affordability. This recommendation was supported by the City of Vancouver.

KEY FACTS REGARDING THE ISSUE:

- UDI believes that the housing affordability issues in some areas of BC are a supply-side issue. That is, the supply of housing is failing to keep pace with increases in demand.
 - In UDI's opinion, there are some key barriers to increasing housing supply in BC, including insufficient zoning for new housing, processing delays and high development and regulatory costs.
- They also believe that there needs to be more focus on investing in transit infrastructure, and linking that focus with municipal and regional land use planning.
- UDI has recommended that government reduce the property tax payable on redevelopment lands by changing to a 'split classification' assessment method. The complaint is that land may be valued according to potential best-use with a residential tower, but is classified according to its current use, which may be the high tax-rate business class.
 - Under UDI's proposal, the split classification methodology would apportion the property value between current use (small business) and future use (the unbuilt density), which would reduce the tax for such properties.
- UDI supports the Throne Speech objective of making hidden municipal charges and fees in home purchases clear and transparent to the homebuyer.
 - UDI has been consulted on the amendments to the *Real Estate Development Marketing Act* that would implement the proposal. The amendments are scheduled for introduction in the Spring 2017 Session.

- However, UDI has the following concerns regarding the practical implementation of the proposal:
 - disclosing municipal charges may actually create more confusion for homebuyers because charges are inconsistent across municipalities;
 - the new requirements will create a regulatory burden for developers.

s.13

Program Area Contact:	Name	Number
	Duncan Jillings Director, Property Taxation Tax Policy Branch	250 387-7324
	Paul Flanagan Executive Director, Tax Policy Branch	250 387-9014



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June 20, 2016

The Honourable Christy Clark
Premier
Province of British Columbia
PO Box 9041, Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Clark:

Housing Affordability Solutions in Metro Vancouver

As you are aware housing prices in the Lower Mainland have always been high relative to the rest of British Columbia and the nation. However, in recent history (or the last few months), housing affordability in the Region has become a serious issue, worthy of government intervention.

We applaud your Government for introducing in the last budget a full exemption from the Property Transfer Tax (PTT) for purchases of newly built homes up to \$750,000 (when units are the buyer's principal residence). This measure will spur the building of moderately priced housing units. Provincial ministries are also discussing with the Urban Development Institute (UDI) and other stakeholders about additional measures that could be employed to resolve the issue.

We agree with the assessment in last Provincial Budget that *"Any long-term mitigation of housing prices and housing affordability in the Lower Mainland must address adequate supply of affordable new construction, particularly multi-family housing."*

UDI strongly believes that the B.C. Government has a role to play in ensuring municipalities provide adequate zoning capacity for new housing. For too long, municipalities have limited the supply of housing through zoning and unreasonably long approval processes. In fact, many municipalities are not living up to their own Regional Growth Strategy targets. All of this is at odds with the Provincial Government's stated goal of increasing housing supply – especially multi-family housing – particularly near transit lines. With tens of thousands of people moving here every year, we will not be able to begin to address affordability without increasing the number of homes we build.

To increase this supply, the Province is going to have to be more directly involved in directing land use planning goals. Specifically, we suggest the Government:

- 1) Require municipalities to loosen planning rules to speed up their development review processes;
- 2) Mandate higher densities and pre-zoning areas across communities – but particularly in town centres and near transit stations; and
- 3) Tie transit funding to municipalities meeting higher density objectives.

Some are suggesting that senior governments introduce demand side measures such as taxes on non-Canadians, luxury homes, speculation and vacant units to improve affordability. We doubt the efficacy and impact of such measures on improving affordability – especially in isolation of any supply-side solutions being introduced.

Taxes will not improve affordability if the number of housing units remains constrained. In fact, increasing them may severely undermine the value of people's homes – perhaps even destabilizing our industry, which represents 25% of British Columbia's economy.

If the Province does proceed with taxes, it is imperative that they be implemented in conjunction with provincial mandates on municipalities to increase housing supply (see above). We also ask that the industry be consulted to avoid and mitigate any unintended consequences. Any tax that would be introduced, should be phased in over time, so the market can absorb the impact. It would also be important that all the revenues from any tax be directed to affordable housing initiatives (e.g. low-income housing and new/expanded homebuyer grant programs).

One demand side measure that could be explored is improving the enforcement of our current federal income tax regime. Concerns have been raised that those who purchase the rights to buy a housing unit and then reassign those rights for a profit are not paying the income taxes on those profits. The Canada Revenue Agency (CRA) should consider stepping up their enforcement to ensure that these taxes are being collected. We would also support measures that would require developers to inform the CRA when the person who purchased a presale unit is not the person who closed on the sale of that unit.

UDI agrees that government action is needed to resolve the housing affordability problems in the Lower Mainland, and we are very prepared to work with governments and all stakeholders to resolve this complex issue.

Yours sincerely,



Anne McMullin
President and CEO

S:\Public\Affordable Housing\UDI Ltr Premier Clark June 20 2016 Housing Affordability Metro
Vancouver.Doc

Menzies, Brian FIN:EX

From: Gavin Duffus <GDuffus@udi.org>
Sent: Monday, July 25, 2016 12:29 PM
To: Gavin Duffus
Subject: Media Release: UDI on additional 15% Property Transfer Tax for foreign buyers

Today the provincial government announced that effective August 2nd 2016 an additional 15% Property Transfer Tax (PTT) will apply for purchasers of Metro Vancouver residential real estate who are foreign nationals or foreign-controlled corporations.

Government news release here: <https://news.gov.bc.ca/releases/2016PREM0080-001346>

This announcement is the latest in taxation measures created in response to increasing housing prices. In February of this year the annual Provincial Budget included increases to the PTT on homes over \$2 million. Earlier this month the Province confirmed that the City of Vancouver will have statutory ability to proceed with a vacancy tax on empty homes.

It is uncertain what combined impact these taxes will have on the housing market. The Urban Development Institute believes that taxes alone will not solve our affordability problems. With three new taxes proposed it is now time to focus on creating more housing supply. A portion of the PTT tax revenues will be deposited in a new Housing Priority Initiatives Fund. If allocated wisely, these revenues could provide a real opportunity to increase the supply of both market and rental housing.

Note: UDI President & CEO Anne McMullin is available for interviews.

Media Contact: Communications Manager Gavin Duffus gduffus@udi.org or [604-661-3033](tel:604-661-3033)

Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 12:04 PM
To: Chandler, Penelope E FIN:EX; Edwardson, Jamie GCPE:EX; Keirstead, Zoe FIN:EX; McLachlin, Jessica GCPE:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Snider, Marty C FIN:EX
Subject: FW: First media scan - housing
Attachments: Housing_Announcement_Media_July 25_2016.pdf
Importance: High

Coverage so far

From: Ingram, Ben GCPE:EX
Sent: Monday, July 25, 2016 12:03 PM
To: Edwardson, Jamie GCPE:EX; McLachlin, Jessica GCPE:EX; Williams, Susan GCPE:EX; Zoellner, Sonja GCPE:EX; Frattaroli, Angela GCPE:EX
Subject: First media scan - housing

Here's the first run of clips from today's announcement. I'll update in a bit

Ben Ingram
Public Affairs Officer
Ministry of Finance
Office: 250 387-6591
Cell: 250-812-5668
Ben.Ingram@gov.bc.ca

Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 10:51 AM
To: Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Chandler, Penelope E FIN:EX; Snider, Marty C FIN:EX; Keirstead, Zoe FIN:EX
Subject: Fw: New Additional Property Transfer Tax Content Live

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Luzzi, Kristina M FIN:EX <Kristina.Luzzi@gov.bc.ca>
Sent: Monday, July 25, 2016 10:47 AM
To: Emery, Steven B FIN:EX
Cc: Harley, Hilary M FIN:EX; Edwardson, Jamie GCPE:EX; McLachlin, Jessica GCPE:EX; Zoeller, Sonja GCPE:EX; Symes, Elan C FIN:EX; Davies, Ann FIN:EX; Archer, Stella Anne FIN:EX; Bourbonnais, Amber FIN:EX; Clark, Andrea FIN:EX; Dafoe, Lisa FIN:EX; Dam, Victoria FIN:EX; Hebert, Laura FIN:EX; Knox, Darren FIN:EX; Luzzi, Kristina M FIN:EX; McDonald, Devon FIN:EX; Nikolich, Mila FIN:EX; Oxendale, Dave FIN:EX; Roodbol, Jacqueline FIN:EX; Thomas, Dianne L FIN:EX; Thoroughgood, Danna L FIN:EX; Van Nes, Sheri FIN:EX; Von Buchholz, Garth FIN:EX; Wilson, Melanie M FIN:EX; Bull, Christa FIN:EX; Vance, Hilary FIN:EX
Subject: New Additional Property Transfer Tax Content Live

Hi Steven,

New property transfer tax information is now live on our website for the additional property transfer tax on residential property transfers to foreign entities in Greater Vancouver.

Changes have been made to the following pages:

- [Property Taxes](#)
- [Property Transfer Tax](#)
- [Understand Your Taxes](#)
- [Newly Built Home Exemption](#)
- [First Time Home Buyers](#)
- [Pre-Sold Strata Unit](#)
- [File Your Taxes](#)
- [Legal Professionals](#)
- [Pay Your Notice of Assessment](#)
- [Audits](#)
- [Appeals](#)
- [Property Tax Glossary](#)

- [Property Tax Forms](#)
- [Property Tax Publications](#)
- [Property Tax Legislation](#)

This content is available at the short URL: gov.bc.ca/propertytransfertax

The [PTB What's New](#) page has been updated and a subscriber notification will go out to subscribers.

The primary source of information about the new tax is currently in [Information Sheet 2016-006, Additional Property Transfer Tax on Residential Property Transfers to Foreign Entities in the Greater Vancouver Regional District](#).

The new return that gets submitted together with the general PTT return, called [FIN 532, Additional Property Transfer Tax Return](#), is also live.

It's been a pleasure to work with you and Hilary and the small handful of folks involved in the project. Thank you and those involved for all your efforts in collaborating with us to create your new content!

Kristina Luzzi

User Experience Design Team Lead
Public Information, Ministry of Finance
Phone: 250 387-0927
Kristina.Luzzi@gov.bc.ca

Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Sunday, July 24, 2016 8:25 PM
To: Mentzelopoulos, Athana FIN:EX; Chandler, Penelope E FIN:EX; Edwardson, Jamie GCPE:EX; Keirstead, Zoe FIN:EX; McLachlin, Jessica GCPE:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Snider, Marty C FIN:EX
Cc: MacLean, Shelley FIN:EX
Subject: Comms materials - all
Attachments: 1st Reading - FINAL.docx; 2ND Reading Notes - DRAFT 3.docx; IAG Recommendations that are not Implemented.docx; Information Sheet 2016-006 Additional PTT on Residential Property Transfers to Foreign Entities in Vancouver.docx; MLA KMs and QAs Housing Bill_22Jul16_DRAFT.docx; Monday Media Avail.docx; NR_Housing Bill_24July16_FINAL DRAFT.docx; QAs_Housing Bill_24July16_DRAFT2.docx

Here's the full suite of materials as they stand

Jamie Edwardson
Communications Director | Ministry of Finance | Province of British Columbia
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Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Sunday, July 24, 2016 8:22 PM
To: Chandler, Penelope E FIN:EX; Edwardson, Jamie GCPE:EX; Keirstead, Zoe FIN:EX; McLachlin, Jessica GCPE:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Snider, Marty C FIN:EX
Subject: Info for MLAs
Attachments: Information Sheet 2016-006 Additional PTT on Residential Property Transfers to Foreign Entities in Vancouver.docx; MLA KMs and QAs Housing Bill_22Jul16_DRAFT.docx; NR_Housing Bill_24July16_FINAL DRAFT.docx

PO is asking for info for MLAs. I've attached the KMs/Qs and As, News release, and the actual tax bulletin prepared.

Jamie Edwardson
Communications Director | Ministry of Finance | Province of British Columbia
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Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Saturday, July 23, 2016 12:25 PM
To: Menzies, Brian FIN:EX
Subject: Fw: QAs_Housing Bill_19July16_DRAFT2
Attachments: QAs_Housing Bill_19July16_DRAFT2.docx

Updated Qs and As from additional information on compliance and enforcement I received this morning. Time stamp reflects this morning's update.

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Edwardson, Jamie GCPE:EX <Jamie.Edwardson@gov.bc.ca>
Sent: Saturday, July 23, 2016 10:49 AM
To: Mentzelopoulos, Athana FIN:EX
Subject: QAs_Housing Bill_19July16_DRAFT2

I've updated the Qs and As with the additional wording Elan provided. Let me know if there are changes you would like to see.

Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Thursday, July 21, 2016 3:54 PM
To: Menzies, Brian FIN:EX
Subject: Documents
Attachments: QAs_Housing Bill_19July16_DRAFT2.docx; 1st Reading - consolidated - DRAFT 2 - LA updated.docx; 2ND Reading Notes - DRAFT 2 - LA updated.docx; NR_Housing Bill_18July16_DRAFT3.docx

Importance: High

This is what was in the minister's binder. Give me a call when you're free.

Jamie Edwardson
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Menzies, Brian FIN:EX

From: Harper, Katie GCPE:EX
Sent: Thursday, July 21, 2016 11:15 AM
To: Edwardson, Jamie GCPE:EX; Chandler, Penelope E FIN:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Keirstead, Zoe FIN:EX; Snider, Marty C FIN:EX; Clarke, Brennan GCPE:EX; McLachlin, Jessica GCPE:EX; Williams, Susan GCPE:EX; Ingram, Ben GCPE:EX; Zoeller, Sonja GCPE:EX
Subject: De jong QandA

Media: press gallery

Q: baldrey - sticking with theme - this year's budget project PTT to go down

A: actual numbers with q1

Q: expected more than had been budgeted?

A: based on what we know - significant numbers

Q: zussman - considering how much PTT is over budget, worth aloting some money to projects in lower mainland to increase affordability

A: one reason assembly convening is to address issues of housing avail and affordability and role of govt to address issues. Monday, better sense in what we can do to assist. We have choices to make with increased revenues

Q: zussman - more about van charter - more than that?

A: made clear want to facilitate city of van desire to acquire new taxation authority. More about rental market, rental housing supply issue, report from real estate council relates to real estate sector and govt decision to end self regulation. Q to what extent how govt will utilize additional resources to address challenges on housing avail

Q: zussman - ear marking PTT specific for affordability - said at budget that was impossible

A: make observation. Clear that PTT revenues are up and indicate the trend is continuing beyond levels thought to plan in budget. Other tax revenues up too - over one billion - personal, sales - symptoms of growing economy. Gives us ability to make additional choices

Q: Vaughn - windfall on budget projection - covers surplus, reluctant to cool down the market

A: there is a tendency to pick one part of budget and say this is what accounts for end result. Like saying, crosby scored three goals therefore no Stanley Cup. This is significant part of budget and generated revenues. Economy is performing well, areas of challenge as well. I do think we need to be cautious about making assumptions and that these levels will return in perpetuity

Q: shaw - common speculation we are in a bubble - saying housing sales not sustainable?

A: careful with term. Two aspects - value of real estate itself and another is number of transactions. We have seen significant escalation on both fronts. Volume today, most experts will say no. In a circumstance where there is a healthy domestic demand we have an obligation to work with other levels of govt in supply of housing. That may contribute to more supply, may see some ongoing healthy levels of transactions. Need approvals to build places.

Q: shaw - amount spending is increasing in diff areas. Curtailing spending growth, creeping back up, govt is spending. Loosening purse strings? Idea we had to curtail spending in healthcare, going back up again

A: themes - overall as a result, revenues are up and more people coming to bc from other parts of Canada and world puts pressure on services. Government wants to respond and better equipped to do so. You see a response from govt to some of those pressures. We have to track this carefully and cautious in analyzing revenue streams and making assumptions if it will increase or maintain. We have seen other govt get into difficulty

Q: baldrey - price of lng going up by a significant amount - encouraged?

A: would rather see it go up than down. Won't be back to prices ten to fifteen years ago. There is an oversupply in north America which will put downward pressure on gas. If track based on past year - bonus bids were 16m and in three to four years amounts start to drop by millions. Price goes up by offset by declining bonus bid revenues

Q: Smyth - empty home tax - this could create patchwork of diff taxation

A: variety of views - want option too. Mayor of van were first to make formal proposal and specific about a time frame - act quickly. A lot of work doing drafting, the charter is a complicated instrument. Not against providing similar to other cities, would amend community charter. May not be enough consensus.

Q: Smyth - restrictions on foreign money?

A: definition might be different than yours. The purpose of the session...

Q: Mary - regards to growth in gdp and PTT - responsible for gdp?

A: taxes as taking money out of the economy and not contributing to growth and gdp. One could argue this is a reflection of market activity and contributes to it. Signs of a healthy economy. Focus on residential home sales and activity, healthy levels of construction on commercial side. Good news. No question that all of this is contributing to healthy growth levels in bc - other areas benefiting - enjoyed good swing. Q1 - softwood lumber is looming and protectionism

Q: zussman - non resident tax? Similar to vacancy? Far diff issue considering based on data?

A: lots of ideas of various instruments of taxation. A step to facilitate city of van a new instrument. Looking at other areas in context of market and challenges that exist. Want to make observation that as valid and relevant it may be not make a mistake that govt will tax our way out of a challenge for people to acquire a home. Can try to impact demand, but promote supply. As relevant to look at adjusting structure of taxation,

not lose sight of what we can do, build more houses. Give them something to buy. With respect to vacancy tax, facilitating city of van doing this, they have decisions to make, have authority. Share information that we have. City of van decision to make.

Q: Palmer - pcc spoke about expediting political disclosure

A: not legislatively - ensure system is place by January that disclosure is taking place by a real time basis. By may election, party disclosing in real time.

Sent from my BlackBerry 10 smartphone on the TELUS network.

Page 069 to/à Page 074

Withheld pursuant to/removed as

s.12

Menzies, Brian FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Thursday, July 7, 2016 12:30 PM
To: Menzies, Brian FIN:EX
Subject: deck with notes
Attachments: PPP_Housing data - final.pdf

**Questions and Answers
Housing Bill
July 21, 2016**

Additional Property Transfer Tax – Rules/Technical

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in Greater Vancouver and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. In which situations would a trustee be liable for the additional tax?

A trustee would be liable if the trustee is a foreign entity, or if a beneficiary of the trust is a foreign entity.

3. In which situations would a corporation be liable for the additional tax?

A corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

4. How will you enforce the tax? Your own data showed more than 330 transactions in 19 days in June – how many auditors would be needed?

Audit measures are already in place for the program and these will be extended to encompass the additional tax to ensure that it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is underway to begin the recruitment.

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

5. Doesn't this still leave a back door for foreigners to have citizen or permanent-resident proxies buy local property, thus avoiding the tax?

No – we have anti-avoidance rules that would catch transactions structured to avoid the tax in an audit.

6. Can a foreign buyer register a numbered company to avoid paying the tax?

No. If a numbered company is foreign controlled, it is taxable. As well, our anti-avoidance rule is broad enough to catch the transaction even if the numbered company was domestically controlled at the time of the real estate transaction but changed to foreign controlled after the real estate transaction.

- 7. What about a transfer of a bare trust – would that allow the tax to be avoided? Now all the foreign money will simply go into bare trust properties rather than market properties. Is there any way to address that?**

The amendments are structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

- 8. You said before there's no incentive to lie on PTT forms – now you've created a big one. How will you be sure people are honest on the form, when the penalties for falsifying the form are dwarfed by the potential tax liability?**

The penalties for providing false information with respect to the additional tax are severe. The fine is the amount of unpaid tax, plus interest, and an additional \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

We are also currently in the process of hiring additional auditors so that we have the resources in place for effective enforcement.

- 9. Why do you need to look at beneficiaries of a trust?**

The look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

- 10. What about a foreign owner who already has a property in Greater Vancouver?**

This tax will not affect foreign owners who already have property in Greater Vancouver, except to the extent they wish to sell to foreign buyers or the tax has a cooling effect on the market, reducing the investment return to the owner.

- 11. What if a foreign entity gets a Canadian to buy and hold residential property for them?**

The legal ownership would be with the Canadian, who would not pay the additional property transfer tax. However the land would be held in trust for the foreign entity and the transaction would be taxable. Failure to pay the appropriate amount of tax and purposefully filling out the tax form in a misleading fashion could trigger penalties for both the foreigner and the Canadian.

- 12. Do I need to claim an exemption or submit the special form if there is no foreign involvement in my purchase?**

No. Submitting the form for the additional tax is required only when there is at least one transferee who is a foreign entity or at least one trustee with beneficiaries who are foreign entities. No exemption is needed – without foreign involvement in the purchase, the additional tax does not apply.

- 13. What if a Canadian from Toronto wants to buy a home in Vancouver?**

The buyer from Toronto will pay the general property transfer tax, but not the additional property transfer tax.

- 14. Why are Tsawwassen Lands excluded at this time?**

We have not heard concerns from Tsawwassen First Nation about the influence of foreign purchasers on its development projects. In respect of Tsawwassen First Nation, we did not wish at this time to increase taxes that might apply on their new residential projects. We will consult with Tsawwassen First Nation in the near future.

15. Do I need to pay additional tax when I register the property?

Yes, if the transaction is subject to the additional tax, you must make payment for both the general and additional tax with your general return filed at the time of registration, and mail in the form for the additional tax on the same day.

16. How do I file if there is more than one taxable transferee on the transaction?

Transferees must file a single return for the general tax, including payment for additional tax owed, and submit one form for the additional tax.

17. Why can't I submit my additional tax form electronically?

To implement the additional tax in a timely manner, we require a manual filing of the additional tax form for transferees of residential property in Greater Vancouver who are subject to the tax. At some point next year we will combine the additional tax form with the electronic filing of the general tax.

Additional Property Transfer Tax – Revenue Questions

18. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

See Appendix A at the end of this document for examples of the tax payable on transactions at different values.

19. Will tax revenues be earmarked for government housing programs?

No, the additional tax will not be earmarked to a specific purpose.

However, the government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. Subject to approval by Treasury Board, the fund can receive a portion of revenues from the property transfer tax in the future.

20. Will tax revenues be shared with municipalities in Greater Vancouver?

No. This is a provincial tax. Municipalities will benefit to the extent that the tax curbs undue demand pressure in the housing market.

The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

21. What's the purpose of this tax – to block investment or raise revenues?

The purpose of this tax is to help manage ongoing demand while the market responds by building new homes to meet local demand. By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Even though we are seeing much stronger housing starts since February of this year, it's clear the market and many local governments need more time to deliver enough housing starts to meet the current demand. This measure will help reduce foreign demand from that equation while new homes are being built for local residents. Not every foreign purchaser will necessarily be deterred by the tax.

To the extent that we generate revenue from the tax, the secondary purpose is to raise revenue to fund government priorities, which can include housing-related programs.

22. Based on your June data, if the rate of foreign money doesn't slow down, you stand to reap almost \$500 million per year – what will you do with the money? How will you spend it?

We don't expect the pace of foreign transactions to continue at that pace once the additional tax is in place, but it's too soon to forecast what the effect will be. We will have a better idea in the Second Quarterly Report.

The revenues from this tax will be part of government's general revenues, like all tax revenues. The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

Additional Property Transfer Tax – Political

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26. Critics have said the issue should not be foreigners, but money that flows from overseas – why are you targeting foreigners?

We have seen from our data that more than \$350 million in foreign investment came into the Metro Vancouver real estate market in June. That's a significant amount of money at a time of heavily constrained supply. Our focus has long been to find ways to increase the supply of new homes at affordable prices – for example the changes we made to the Property Transfer Tax in Budget 2016. But at the present pace of demand and rising prices, it's clear the market needs some help catching up.

27. Won't this tax impact foreign purchasers who are living and working in BC with official permission – such as work visas, visitor visas, etc?

The additional tax applies to all foreign nationals, whether or not they have a visa. If the foreign national were to become a citizen or a permanent resident, the tax would not apply to them. This is about helping manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs.

- 29. You have consistently said you welcome foreign investment, isn't this tax a reversal of that position? How can you say: we welcome foreign investment, just not in this slice of our economy?**
We certainly do welcome foreign investment and we will continue to profile B.C. and attract business to our province. The purpose of this tax is to help manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs. By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Policy Choices

- 30. Will this close the bare trust loophole?**

Like the general property transfer tax, the additional tax applies to transactions registered in our Land Title Office. This is not a tax on transfers of beneficial interests. We are monitoring the data closely and will determine if further action is necessary.

- 31. Why didn't the government close the bare trust loophole?**

The government is still considering the advantages and disadvantages of taxing transfers of beneficial interests that happen outside of registrations at a land titles office. That would be a fundamental change from the current property transfer tax, and is comparable to the creation of a new system with a new tax administration. In June, we started collecting data to better inform this decision.

- 32. Critics say you should focus on using income tax data to see if purchasers are making appropriate contributions to local revenues, and then only adding surtaxes if they're not paying tax on worldwide income in BC. Why do you consistently reject that approach?**

We haven't rejected any approaches – we have consistently said we would act based on data and evaluate all options.

These are complex issues that will require a number of different solutions.

- 34. Why only in Greater Vancouver?**

For now, the clearest need for this response is in Greater Vancouver. The Bill contains regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to make changes quickly.

35. Why 15%? What led you to pick that rate, how do you know it's not too high or too low?

Other jurisdictions faced with similar circumstances apply the same rate. For example, Singapore and Hong Kong, both apply a rate of 15% to residential property bought by foreign nationals. The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation.

This flexibility will allow government to adjust the tax rate depending on the needs of the market.

36. Why aren't you taxing satellite Canadians who do not pay income tax?

Canadians have the right to live where they like in Canada and find employment where they wish around the globe. There are rules in place in Canada in both the Income Tax Act and in our tax conventions with other countries that set out the division of where income tax is paid.

Even if someone is not liable to pay income tax in Canada, they will still be liable to pay consumption and property taxes if they purchase goods or own property here. This is one of the reasons the provincial tax system is comprised of a variety of taxes on income, consumption and property. These taxes, when taken together, are intended to help raise the revenue necessary to fund the wide range of programs and services that British Columbians rely on.

Further, we would not expect a Canadian who stays in Palm Springs four months per year to pay income tax in the United States, if all their income was earned in Canada.

There are many reasons why an individual may not pay income tax in a given year. For example, they may have earned income in the previous tax year or incurred business losses in the current tax year. An individual may have gone back to school, earning no income in the current tax year. A senior collecting their pension may live in a high-value home they have owned for decades. Or, an individual may have a spouse who earns a high income, but earn no income of their own.

37. Why aren't you cracking down on money laundering and tax evasion in B.C. real estate?

Monitoring the flow of money across borders and international tax are extremely complex subjects that are governed by the federal statutes such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Income Tax Act and tax treaties.

Under the federal-provincial tax collection agreements, investigation of income tax evasion is the responsibility of the Canada Revenue Agency (the CRA). Streamlined administration simplifies the tax system and lowers administration costs for both government and individual taxpayers.

In addition to its own investigative powers, the CRA has access to information on cross border transfers of funds collected by FINTRAC. FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, is Canada's financial intelligence unit. FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.

That said, we support the Canada Revenue Agency in its efforts to identify cases of tax evasion in B.C. real estate. We share information to the extent possible under the information-sharing agreements we currently have in place with the federal government.

Minister de Jong discussed his concerns about issues related to tax evasion through real estate with Minister Morneau at the June meeting of Canada's finance ministers in Vancouver. These discussions led to the establishment of a federal-provincial-municipal working group comprised of senior officials from B.C., Ontario, the federal government and local governments. This group is meeting over the summer to identify strategies to strengthen information sharing among the various levels of government, in an effort to further prevent tax evasion in real estate.

Additional Property Transfer Tax – Market Effects

38. If foreign buyers are only 5% of the market, why do you think this tax will have any effect on the remaining 95%? Shouldn't you focus your efforts on the big segment of the market?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

We've made other changes that focus on helping British Columbians enter the housing market. For example, we increased the property transfer tax from 2% to 3% on the portion of a property's fair market value above \$2 million.

We're investing that revenue into the Newly Built Homes exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly constructed or subdivided home worth up to \$750,000. Between Feb. 17 and June 29, this exemption has delivered over \$25 million in property transfer tax savings to British Columbians.

This exemption provides the additional benefit of incenting developers to build modestly-priced, new housing.

39. Won't this just drive people to purchase outside of Metro Vancouver, and drive up prices in other areas of the province?

The changes made to the property transfer tax form will allow us to monitor transactions by foreign buyers. If we identify significant displacement of foreign capital to other regions, we can make the necessary adjustments by applying the tax in different jurisdictions.

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41. Won't the effect of the tax simply get priced into the market – making properties even more expensive?

The additional tax will immediately reduce the return on any investment by adding 15% to the transaction's cost. This will take away much of the incentive to use Metro Vancouver residential real estate purely as an investment vehicle.

- 42. You said you don't want to take steps that could harm the equity BCers have built up in their homes – how can you be sure this measure won't crash the market?**

We are taking a cautious approach by applying the tax to Metro Vancouver, where demand appears to be running strongest. We have the flexibility to adjust the tax rates within a range, and to apply or not apply the tax in different regions of the province as necessary.

- 43. You're likely to get stories of people walking away from contracts – are you troubled by that possibility? What do you say to a BCer whose deal just collapsed because of your tax?**

Any time a new tax is implemented there is a period of market distortion, and if the tax is effective I expect some people will find themselves affected in this way. It's certainly a difficult personal circumstance for them. I would hope that the amount of disruption to individuals will be limited, and that new buyers can be found. At this point, there still appears to be very healthy local demand.

- 44. What impact do you foresee on the prices of homes – will this slow the rise in prices, reverse it?**

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Trade/Legal Questions

- 45. You're instituting an exorbitant surtax on people who can't vote – isn't this taxation without representation?**

No. This tax applies to foreign entities that make a choice to purchase residential property in Metro Vancouver.

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- 48. Is there a risk this tax will work too well and scare off other types of foreign investment? How might that reveal itself, and what would you do if it does?**

B.C.'s economy has been and continues to be seen as a safe harbour for investment. Even through the tempests of the global economic slowdown, we have emerged from the economic crisis with four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and an economy that is forecast to lead growth among provinces both this year and the next. Since 2001,

economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

49. Would foreign governments pay the tax?

Foreign governments operating through a corporation would pay the tax.

50. Do any other jurisdictions have similar taxes?

Yes. For example:

- United Kingdom:
 - o Non-residents are now subject to capital gains taxation on gains when selling residential property in the UK.
 - o Non-domiciled residents who provide security for purchases with offshore assets will be considered to have repatriated those assets and pay income tax as applicable.
 - o 15-per-cent stamp duty on those using a company name to buy properties worth more than £500,000.
- Singapore:
 - o Increased buyer's stamp duties (PTT) on foreign, corporate, permanent residents, and citizens:
 - 15% additional stamp duty on foreign and corporate purchasers. Was initially 10% but was increased after 10% did not have the desired effect.
 - 5% additional stamp duty on permanent residents purchasing a first home. 10% on further purchases.
 - 10% additional stamp duty on citizens purchasing their second and third homes.
- Hong Kong:
 - o A 5%-20% anti-speculation special stamp duty that is payable on property held for less than 24 months.
 - o Implemented a 15% additional Buyers Stamp Duty targeted at foreign investors and companies Measures to restrict mortgage lending to its residents.
 - Strict loan to value ratios
 - Strict Mortgage Servicing Ratios
 - A 40% down payment requirement

Additional Property Transfer Tax – Detailed Technical

51. Do I need to submit a form under 2.02(3) if I don't have any foreign transferees or transferees who are trustees of a trust with a foreign beneficiary?

You will only need to submit a form for additional tax for transfers of residential property in a prescribed area with a foreign transferee or when a foreign entity holds a beneficial interest in a trust.

52. I am a foreign entity making a purchase of a business property that has a small amount of residential property associated with it. Do I need to pay the tax?

Yes, the foreign entity as defined in the tax must pay additional property transfer tax on the residential portion, but not on the business portion of the transaction.

53. Does the treatment of beneficiaries start to remove the distinction in the tax between legal and beneficial owners?

The general tax remains a tax on the transferee. In the additional tax, we will look through Canadian trustees to see if there is a foreign beneficial interest.

54. What if there are Canadian beneficiaries as well as foreign entity beneficiaries in the trust.

The transferee of a trust is considered to fully be a foreign entity if at least one beneficiary is a foreign entity.

55. I am not sure my property meets the definition of residential

Refer to the most recent assessment notice from BC Assessment. Or, contact the Property Taxation Branch – property transfer tax enquiries – at: 250 387-0604, 1 888 355-2700 (Toll free), or pttenq@gov.bc.ca.

Housing Priority Initiatives

56. Why are these amendments being introduced?

These amendments are complementary to and necessary to support other proposed amendments to the Property Transfer Tax Act.

A new immediate, strategic and flexible central funding vehicle is needed to facilitate early implementation of priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

It is expected that Individual priority proposals that support Cabinet's direction will be brought forward by ministries for Treasury Board consideration. A new strategic and flexible funding vehicle, as proposed in the amendments, will assist Treasury Board in addressing those priority proposals within the Fiscal Plan and in recognition of current limitations within other existing authorities.

57. What do the amendments do?

The amendments establish the Housing Priority Initiatives special account, along with its operating rules and oversight. The Account's purpose is to provide a strategic central funding vehicle for priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The amendments define inflows to the Account, which primarily includes transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The amendments provide for a wide range of purposed spending activities ranging from operating and grant expenditures; funding capital investments in land and housing/rental infrastructure; to

funding loans and guarantees that support new or ongoing priority initiatives in respect of provincial housing and rental/shelter supply and access and support programs.

All spending must have the prior approval of Treasury Board.

58. How do you justify giving yourself the ability to spend taxpayer money without legislative scrutiny, oversight, debate and a vote? Isn't this just a way to bypass the budget and Estimates process? How is this transparent?

Like all legislation, the bill to establish this special account is being introduced in the Legislature for full and transparent debate and approval within a public forum.

The opportunity created by the other proposed amendments that this legislation is intended to support wasn't there when Budget 2016 was developed and passed.

That opportunity exists today with the requested passage of this package of legislation and as a consequence there is also an immediate need for a vehicle so the Province can utilize that opportunity to respond to priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The special account will be under strict oversight of the Minister of Finance and Treasury Board. As part of the government's Consolidated Revenue Fund, going forward the new Account will be and reported on through annual Budgets and Estimates, quarterly reports, service plans, and the annual Public Accounts.

Reporting on the proposed special account could come as early as the First Quarterly Report in September 2016. Government might also consider preparing a dedicated public report to outline spending out of the special account and the purposes for which the spending was provided. This, for example, could be part of a more comprehensive document about the Province's overall housing strategy.

59. What spending controls are there for this special account?

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

60. You're giving yourself statutory authority to spend Property Transfer Tax revenues – what are your spending plans?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

While it is still early, individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

61. What consultations have you done?

While specific consultations have not taken place publicly or across the public sector in relation to the creation of the new special account, the underlying needs for which the special account is intended to help address are well understood and the Province has heard public concerns in a variety of consultation venues.

The Privacy and Legislation Branch (PLB) has been consulted and confirmed that consultation with the OIPC was not required. The legislative amendments do not contemplate or create new matters of personal information collection or use outside of the parameters covered by FOIPPA.

62. What don't you simply use the Contingencies vote or bring in Supplementary Estimates to deal with the need for new spending authority this year?

The opportunity created by the other proposed legislative amendments will likely be well in excess of what the Contingency vote can provide. As is the usual case, there are already a number of pressures in ministries that may require allocations from the Contingencies vote.

Supplementary Estimates are not practical at this time. It is still early and individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries in an orderly way for Treasury Board consideration.

The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

63. Why would the special account need to make loans and guarantees? Won't this affect provincial debt?

The new special account is intended to be self-funded so there should be no impact on provincial debt.

The proposed amendments define inflows to the Account, which primarily includes transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Consumer Protection – Self-Regulation

64. How can you say self-regulation is ended?

Following the amendments industry will have NO formal role in the regulation of the real estate sector:

- All members on the Real Estate Council will be appointed by government;
- All rules will be made by the Superintendent, not Council.
- Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

65. Doesn't Council's continued ability to impose discipline mean that self-regulation continues?

No. Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Again, industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – IAG Recommendations

66. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

67. Why do the amendments not implement all of the IAG recommendations?

Most of the IAG recommendations that relate to legislation are included in the amendments.

The exceptions are those that are currently outside the legislative scheme of the Real Estate Services Act and the recommendation to provide the council with the responsibility to investigate unlicensed activity.

The amendments provide the Superintendent with broad oversight of council, and go further than the IAG recommendations in transferring rule making authority from council to the superintendent and in replacing the industry-elected members on Council with members appointed by the government.

The superintendent's rule-making authority will allow it to implement the non-legislative IAG recommendations.

68. Why do the amendments not implement the recommendation to provide council with the responsibility to investigate unlicensed activity?

The amendments provide for increased oversight of council and for new disciplinary powers for council. Council needs to focus on improving its investigation and discipline of licensees before an increase in its regulatory responsibility can be contemplated.

69. So who is responsible for unlicensed activity?

The Superintendent of Real Estate.

70. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

71. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

72. Can you tell us the distinction between dual agency and double ending?

Dual agency occurs when a licensee acts as agent to parties with opposing interests in a real estate transaction. For example, a licensee may be the real estate agent for both the seller of real estate and the buyer of real estate or a licensee may be acting for two different buyers bidding for the same real estate. The concern with dual agency is that the licensee cannot, in practice, fully act in the best interests of both parties if the interests of those parties are in conflict.

Double ending occurs when a licensee receives both the seller's and buyer's portion of the commission for a transaction. This most often occurs when a licensee is acting as a dual agent, but can also occur where a buyer is not represented by a licensee.

Dual agency and double ending may result in an unshared commission being received by a single licensee. However, under dual agency the licensee has the obligation to act as agent to both parties, even if the execution of this obligation is impractical.

73. Will the fees that licensees have to pay increase?

We are currently considering the staffing and resourcing requirements that the Council will need. We cannot definitively say whether fee increases will be necessary until we understand the requirements needed to support the additional workload.

Consumer Protection – Superintendent

74. Will additional resources be available to the Superintendent?

Assessment of the resource requirements for the Superintendent's office is underway.

75. How many staff will the Superintendent have?

The Superintendent will have the necessary resources required to carry out its mandate. The number of staff is being determined.

76. How will the Superintendent's office be funded?

The Superintendent's office will continue to be funded through licence fees.

77. When will the Superintendent begin his or her role?

The Deputy Minister of Finance is in the process of hiring a Superintendent dedicated to Real Estate. This is a high priority within the Ministry and for the Deputy Minister of Finance. He or she will begin working as soon as possible.

Consumer Protection – Real Estate Council

78. Does the real estate council continue to exist?

Yes. The council will continue its role with respect to handling licensing and bringing disciplinary actions, but it will do so under the oversight of the superintendent of real estate. Council's ability to make rules that govern licensee conduct have been transferred to the Superintendent.

79. Who will be appointed to the Real Estate Council?

The Province's Board Resourcing and Development Office will follow its standard process for making recommendations about appointments to government. The overarching governing principles of this process are: merit-based selection; transparency; consistency; probity (appointees must be committed to the values of the public service); and proportionality (the process for selection will be appropriate for the nature of the post).

80. Will any industry members be appointed to the Real Estate Council?

Our priority is to minimize industry representation, but we recognize the value of experienced and practical voices on the council.

81. What happens to the existing council members?

Council members that were elected or appointed by council will cease to be council members once the amendments come into force. Council members that were appointed by the Lieutenant Governor in Council will continue to be council members.

82. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

83. What happens to council staff?

The Council will continue to require the existing complement of staff to fulfill its revised mandate and may even require additional staff to fully meet its responsibilities.

84. Does this mean the council (and related corporations) become part of the government reporting entity?

It is likely that the Council will become part of the government reporting entity, as government will be appointing all council members and has control over the Council.

85. Why are you keeping the two appointed members on Council?

Two existing government appointees are being reappointed as they are new to the board. They were appointed mid-2015, and typically appointees serve up to six years. The two council members who are being reappointed are well qualified and bring important skills and attributes to the board.

A number of important changes are anticipated that will bring new leadership and change to the regulator and the industry. Government is in the process of hiring a new Superintendent of Real Estate. In this context, some stability and continuity on the board is important.

86. What will the role of Council staff be?

Staff will continue to receive complaints, investigate potential contraventions, and support the new Council as it determines whether to issue a notice of hearing and conducts discipline hearings.

87. Why does Council continue to be responsible for discipline?

Council will continue to be responsible for discipline. As well, Council will have more penalty tools available to ensure licensees are properly deterred and punished for any misconduct.

The Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – Legislation

88. What do these amendments do?

These amendments effectively end the self-regulatory status of the real estate council by providing that all members of the council are to be appointed by the government, instead of having the majority of council members elected by industry.

89. Why is the strata owner council position being removed? Wasn't this position independent?

Council was provided the ability to appoint a strata owner to council to ensure the concerns of this constituency were represented. This was required to address the fact that council was largely comprised of elected real estate agents. As all council members will now be appointed, government will be able to ensure the composition of the board adequately reflects the interests and perspectives of all stakeholders.

90. Why are disgorged commissions not returned to the consumer?

The amendments provide that disgorged commissions, like discipline penalties, must be remitted to the council for the purposes of licensee and public education. The amendments allow for a regulation to be developed should it be considered effective and appropriate to allow for other uses of disgorged funds.

91. Why do the amendments not protect the public from predatory buyers and sellers that are not required to be licensed?

The IAG's recommendations to extend government's assignment disclosure regulation and to extend the legislative regime to high volume unlicensed activity are beyond the scope of the Real Estate Services Act. However, this may be something that we look at in the future.

Consumer Protection – Operations

92. What progress has been made in developing the implementation plan?

Once the new Superintendent is in place, he or she will begin to develop the implementation plan that flows out of the legislative changes, and put into action any operational changes necessary.

Work is already underway to consider what the staffing and resourcing requirements Council will have.

93. Who will handle complaints and discipline?

Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings).

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and

- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

94. Who will handle unlicensed activity?

The superintendent will continue to be responsible for unlicensed activity. The amendments generally give less power to council, and expanding council's role per the IAG recommendations is contrary to the direction of the amendments.

95. What happens to the existing rules?

The existing rules will be deemed to be the rules of the superintendent, and will continue to remain in force.

96. Which IAG recommendations are not addressed by the amendments?

The amendments do not implement any IAG recommendations that can be implemented by rules or that are operational in nature. Also, recommendations involving unlicensed activity (extending shadow flipping regulation to all real estate contracts, for sale by owner regulation), including the recommendation to transfer oversight of unlicensed activity to council are not provided for in the amendments.

97. Who will have power to make bylaws?

The council will retain the power to make bylaws. However, the superintendent is provided with new powers to direct council to make, amend, or repeal a bylaw.

Consumer Protection – General

98. What other Canadian jurisdictions have self-regulation of the real estate industry?

Self-regulation of real estate exists in Alberta, Saskatchewan, Ontario, Quebec, and Nova Scotia. In these provinces, provincial law and regulation establish real estate councils to license real estate professionals and to create and administer the rules agents must follow.

In the territories and the four provinces without real estate councils, provincial governments directly license agents and regulate the profession.

99. Do these amendments reverse the 2005 changes in real estate regulation?

Only in part. These amendments change the structure of real estate regulation by ending the self-regulatory status of real estate agents. Other changes implemented in 2005, such as the regulation of strata managers and the establishment of a compensation fund, continue on.

Vacancy Tax

100. What is the purpose of this legislation?

- The Province is enabling Vancouver to implement a stand-alone tax on vacant residential property. The Province is acting in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.
- Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

101. What is the scale of the vacant property problem in Vancouver?

- The intent of the tax is to increase the rental housing stock on the market; a study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

102. Why is the Province allowing Vancouver to design and implement the tax?

- It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.
- While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

103. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

- Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to first be in a position to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.

- After that, if there is general interest from other municipalities, legislative change could be discussed further.

104. How will you know if there is interest in other places? Do other municipalities just get to ask for this authority, like Vancouver?

- The usual process for seeking amendments to the *Community Charter* or other core legislation that applies to local governments throughout B.C. is through the Union of BC Municipalities (UBCM), which represents all local governments. Through its annual resolutions process, UBCM members debate, vote on and adopt resolutions on a variety of issues, including ones seeking legislative change. The Province responds annually to those resolutions.

105. How will the public know if the tax is effective? Does Vancouver have to account for the use of the revenues collected from this tax?

- Vancouver is required to provide an annual report on the vacancy tax that must include the amount raised and how it was used; and ensure that the report is publicly available. Vancouver's use of revenue generated from the vacancy tax is limited to the purposes of initiatives respecting affordable housing; and paying the costs of administration of the tax.

106. What else is the Province doing to support affordable housing?

- In Budget 2016, the Province increased the property transfer tax rate to 3% on the value of homes above \$2 million, and invested that money in the Newly Built Home exemption, which can save buyers up to \$13,000 on the purchase of new housing valued up to \$750,000. This measure aims to stimulate greater housing supply in the market at an affordable price.
- The Province is also investing \$355 million over the next five years to support the construction or renovation of more than 2,000 units of affordable housing. In addition, the Province has also started collecting citizenship information from buyers when they register properties to help us understand the extent that foreign capital is driving the housing market.
- And as my colleague Minister de Jong has mentioned, the Province will also be introducing legislation to support consumer protection by ending self-regulation of the real estate industry.

107. What are other jurisdictions doing?

- This would be a unique taxation authority in Canada.
- Research has only found two worldwide examples of a vacancy tax imposed locally for the purpose of addressing housing affordability (i.e., some boroughs in Greater London, England

such as Camden impose a 50% vacancy premium on their equivalent of municipal property taxes for properties empty for set periods over the prior two years; France imposes such a tax for municipalities over 200,000 population, at a rate of roughly 10% of annual rental value).

- While the tax itself would be unprecedented in Canada, it is expected to generate interest in some other B.C. local governments seeking revenue tools to address the same issues and/or seeing it as a new tool to raise funds.

Vacancy Tax Legislation – General Questions

108. Why isn't the Province enabling a separate vacant residential property class under the *Assessment Act* for Vancouver? Wouldn't an assessment approach simplify things?

- A vacant residential property class or sub-class would be applied on a province-wide basis, as are all assessment provisions. The risks of such a broad application are currently unclear, and may lead to unintended consequences for municipalities and tax administrators. Therefore, it is more appropriate to enable Vancouver to impose a vacancy tax, and ensure that any revenues are used to support the administration of the program and fund affordable housing initiatives in Vancouver.

109. What properties is this targeting? What constitutes a "vacant" property?

- The legislation authorizes Vancouver to tax residential properties that are in Class 1 of the *Assessment Act* and meet the criteria to be set out in Vancouver's vacancy tax bylaw. Such residential properties may include single family dwellings, apartments, and condominiums, but not hotels and motels.
- The length of time and the circumstances that constitute "vacant property" will be defined by Vancouver by bylaw. As well, Vancouver will have broad authority to establish exemptions from the tax for properties that may be vacant but should not be taxed (e.g. estates in probate; properties awaiting a demolition permit). Given the variety of possible scenarios, how "vacant property" is defined can only be determined by Vancouver.

110. What will the tax rate be?

- The rate or amount of the tax will be determined by Vancouver, and may be different for different categories of residential properties, registered owners and/or vacant properties (also to be determined by Vancouver). Vancouver will also determine the basis for the tax rate – whether for example it is a percentage of the assessed value of the property or an amount per parcel.

111. When would this vacancy tax take effect?

- It is anticipated that it will take some time for Vancouver to design the tax, but the timing of implementation is up to Vancouver to decide.

112. Will there be exemptions from the tax?

- The legislation requires Vancouver to establish exemptions from the tax in their vacancy tax bylaw, as there will be many different situations to be accommodated. As Vancouver will be responsible for the details of the design of the tax, it will be up to Vancouver to determine what these exemptions will be.

113. What if the owner only uses the property part-time or occasionally? What if the owner has an unrented suite or carriage house on an owner-occupied property?

- As Vancouver will be responsible for the details of the design of the tax and the definition of “vacant property”, it will be up to Vancouver to determine whether any of these properties would be subject to the tax.

114. What if a strata corporation does not allow or limits rentals? Will Vancouver have the authority to require strata corporations to permit rentals?

- If a strata corporation allows only limited rentals or prohibits rentals, this legislation will not require the strata corporation to revisit their policies in this regard.

Vacancy Tax – Collection and Enforcement of the Tax

115. What happens if the owner doesn’t pay the tax? What are the collection and enforcement remedies?

- Vancouver will have the authority to establish penalties and interest for non-payment and late payment of the tax. Ultimately, the legislation authorizes Vancouver to choose to apply the full range of remedies available for collection and enforcement of property value taxes under the *Vancouver Charter* to also enforce the vacancy tax.
- That means that properties could be required to be put to tax sale where taxes are delinquent for two years.

116. How can property owners appeal/complain if they disagree with Vancouver's determination of their property status?

- One of the required elements of a vacancy tax bylaw is for Vancouver to establish a process for hearing and determining complaints, including providing for a review process for determination of complaints. As Vancouver further develops its design of the tax and process for its administration/collection, the Province is happy to discuss any issues that may arise or need to consider potential future amendments to ensure the fairness of such a review process.

Vacancy Tax – Data/Collection of Information

116. How will Vancouver identify vacant properties? Are property owners required to provide this information?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied. Failure to provide required information could have various consequences, including fines, and most significantly that the property is considered to be vacant and taxable.

117. Can the information collected from property owners for the purpose of the vacancy tax be used for other purposes?

- Information collected from property owners is often personal information. Personal information gathered by Vancouver must be collected and used in accordance with the *Freedom of Information and Protection of Privacy Act* (FOIPPA) which has, as its starting point, that information may only be used for the purpose for which it is collected.

118. Does the legislation authorize Vancouver to access 3rd party-collected data, e.g. provincially held personal information?

- No. The legislation currently does not authorize Vancouver's access to or agreements around 3rd party-collected data (e.g. provincially-held personal information such as Home Owner Grant claims or Drivers Licence/BC ID information).
- This would require detailed consultations with the Office of the Information and Privacy Commissioner (OIPC). As Vancouver actually designs its tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussions and consider the potential for future data-related amendments.

119. Isn't data essential to Vancouver being able to design the details of this tax? Otherwise, how are they going to determine which properties should be taxed?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied.
- As Vancouver actually designs the tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussion and consider the potential for future data-related amendments.

120. Why didn't you add the provision suggested by the Office of Information and Privacy Commissioner, to ensure that Vancouver could only use information and evidence collected from property owners for the purposes of the vacancy tax?

- Vancouver is already required to operate under the *Freedom of Information and Protection of Privacy Act* for any personal information it collects. Section 32 of that Act establishes the core rule that personal information may only be used for the purpose for which it was collected and, in limited circumstances, for a consistent purpose.
- Once Vancouver has undertaken more detailed design of the tax and how it will be administered, further discussion about issues related to information/data collection and sharing may be needed; that would be the best opportunity to discuss the suggested provision with Vancouver and with the Office of Information and Privacy Commissioner.

121. Can Vancouver enter residential property to verify if the property is vacant?

- The proposed legislation includes a limited power of entry for an authorized person onto a property (after reasonable steps) for the purpose of determining or verifying the status of the property for purposes of the vacancy tax. This authority is consistent with normal municipal authority to determine compliance with their bylaws.
- Additionally, the authorized person may only enter into a residential property (e.g., a private dwelling) if the individual occupying the property, if any, consents.

122. Why is there no warrant authority to enable Vancouver to enter into a building or dwelling?

- The creation of a warrant authority for the purposes of the vacancy tax raises complex constitutional issues and would require further legal consideration as well as consultation with the judiciary. As with the question of specific data needs, the Province is open to having further discussion on this issue with Vancouver as it actually designs the details of the tax, and consider the potential for future amendments if the need arises.

123. If the legislation doesn't provide for entry into property and it doesn't give Vancouver access to third party data, does this legislation actually give Vancouver the authority it needs to implement this tax?

- Yes. The legislation balances flexibility in the enabling framework for Vancouver's design of the tax scheme while providing enough certainty in the legislation for the tax to be legally valid. To uphold principles of fairness and equity in taxation, the legislation enables Vancouver to start broadly in identifying residential properties and then narrow down those subject to the tax through self-declaration.
- It gives Vancouver the authority to require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied. It also provides consequences for not providing that information – most importantly, that the property can be considered vacant and subject to the vacancy tax.
- As Vancouver actually undertakes more detailed design of the tax and if it identifies specific data needed for specific purposes the Province is open to further discussion and considering the potential for future data-related amendments.

124. Why isn't the legislation enabling tax modelled on the approach suggested by UBC Sauder School of Business (Professor Joshua Gottlieb)?

- As I understand it, the model supported and proposed by the UBC Sauder School of business is a 2% property value tax based on assessed value of a property, which would then be negated on a sliding scale by application of an exemption based on income taxes paid by the registered property owner.
- While the starting point of such a tax would be the parcel of property, whether a registered owner of such property pays tax would be determined by an exemption based on income taxes paid by the registered owner. The Sauder School approach would be entirely dependent on Vancouver being able to access federal income tax information.
- The proposed legislation for the Vancouver Vacancy Tax provides Vancouver with the authority to impose a municipal tax in relation to residential properties that are vacant. The legislation, as proposed, does not authorize Vancouver's access to or entry into agreements around third party-collected data. This level of information/data access would require detailed determination of necessary personal information sources, authorization for information sharing and detailed consultations with the Office of the Information and Privacy Commissioner (OIPC) and in relation, to income tax information, consultations with the federal government.
- Vancouver had initially requested an assessment based (i.e., property tax) to impose on vacant properties and later raised the possibility of imposing a property based Business Tax. The authority contained in the proposed legislation/ Bill is consistent with municipal taxation authorities in BC and Canada and does not require data availability on the income of registered owners of subject properties, necessitating negotiation of income tax information sharing

between Vancouver and the Province/Federal Government which, in turn, raises privacy concerns around use, sharing and custody of personal information.

125. Lower Mainland mayors have proposed an alternate approach where a tax would be imposed on a property and exempted where the property is used as a principal residence (non-resident tax). Wouldn't this be easier to administer and help avoid a patchwork approach to addressing the issue?

- There is no one right approach to increasing rental stock in Vancouver; every approach will have its pros and cons.
- We are supporting Vancouver in its request for a municipal tax on vacant property to address a historically low vacancy rate, which it considers to impact housing affordability. The purpose of the tax is to provide an incentive for owners of empty homes to add them to the rental pool. This tax is intended to help address housing availability and affordability.
- My understanding of the non-resident tax proposed by some Lower Mainland mayors is that an owner would be levied an additional property tax for any property that is not a principal residence. This raises some questions about how this would assist in addressing the low vacancy rate, and whether it may have the effect of increasing rents for those units that are currently occupied. It is not at all clear that this type of tax would be easier to either design or administer, as it also raises legal and tax equity issues, and could certainly present some significant property conveyancing issues.

Appendix A: Examples of Tax Payable

Home value	Regular tax	Additional tax	Total	Total as a % of home value
\$100,000	\$1,000	\$15,000	\$16,000	16.0%
\$200,000	\$2,000	\$30,000	\$32,000	16.0%
\$300,000	\$4,000	\$45,000	\$49,000	16.3%
\$400,000	\$6,000	\$60,000	\$66,000	16.5%
\$500,000	\$8,000	\$75,000	\$83,000	16.6%
\$600,000	\$10,000	\$90,000	\$100,000	16.7%
\$700,000	\$12,000	\$105,000	\$117,000	16.7%
\$800,000	\$14,000	\$120,000	\$134,000	16.8%
\$900,000	\$16,000	\$135,000	\$151,000	16.8%
\$1,000,000	\$18,000	\$150,000	\$168,000	16.8%
\$1,100,000	\$20,000	\$165,000	\$185,000	16.8%
\$1,200,000	\$22,000	\$180,000	\$202,000	16.8%
\$1,300,000	\$24,000	\$195,000	\$219,000	16.8%
\$1,400,000	\$26,000	\$210,000	\$236,000	16.9%
\$1,500,000	\$28,000	\$225,000	\$253,000	16.9%
\$1,600,000	\$30,000	\$240,000	\$270,000	16.9%
\$1,700,000	\$32,000	\$255,000	\$287,000	16.9%
\$1,800,000	\$34,000	\$270,000	\$304,000	16.9%
\$1,900,000	\$36,000	\$285,000	\$321,000	16.9%
\$2,000,000	\$38,000	\$300,000	\$338,000	16.9%
\$2,250,000	\$45,500	\$337,500	\$383,000	17.0%
\$2,500,000	\$53,000	\$375,000	\$428,000	17.1%
\$2,750,000	\$60,500	\$412,500	\$473,000	17.2%
\$3,000,000	\$68,000	\$450,000	\$518,000	17.3%
\$4,000,000	\$98,000	\$600,000	\$698,000	17.5%
\$5,000,000	\$128,000	\$750,000	\$878,000	17.6%
\$6,000,000	\$158,000	\$900,000	\$1,058,000	17.6%
\$7,000,000	\$188,000	\$1,050,000	\$1,238,000	17.7%
\$8,000,000	\$218,000	\$1,200,000	\$1,418,000	17.7%
\$9,000,000	\$248,000	\$1,350,000	\$1,598,000	17.8%
\$10,000,000	\$278,000	\$1,500,000	\$1,778,000	17.8%

FIRST READING SPEAKING NOTES

Bill 28 – 2016

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

Honourable Speaker, I have the honour to present a message from her Honour the Lieutenant Governor.

You give the message to the Page.

Sit down

[Page takes message to the Speaker.]

[The Speaker reads the message.]

[The Speaker will acknowledge you.]

You, Minister of Finance, rise and state:

I move that the Bill be introduced and read a first time now.

Keep Standing

[The Speaker puts the question.]

[The Speaker will acknowledge you.]

Honourable Speaker, I am pleased to introduce the *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016*.

Madam Speaker, Bill 28 includes amendments to the ***Property Transfer Tax Act*** to impose an additional tax of 15 per cent on transfers of residential properties where the transferee is a foreign national, as well as certain corporations or trusts involving foreign nationals. For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

This additional tax will be effective August 2, 2016, and will apply to property transfers located in the Greater Vancouver Regional District excluding the lands of the Tsawwassen First Nation.

Second, the *Act* amends the ***Special Accounts Appropriation and Control Act*** to establish a new Housing Priority Initiatives special account within the Consolidated Revenue Fund.

The new Housing Priority Initiatives special account is intended to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply; access and support programs. It is intended to be complementary to the proposed amendments to the *Property Transfer Tax Act*. The special account will be effective on Royal Assent of the Bill.

Third, this bill amends the ***Real Estate Services Act*** to end industry self-regulation by requiring all members of the Real Estate Council of British Columbia to be appointed by the Lieutenant Governor in Council, and provides the superintendent of real estate with broad new rule-making and oversight powers.

The amendments also effectively implement the real estate Independent Advisory Group's recommendations to strengthen the regulatory regime and deter and punish the worst behaviour in the marketplace. Measures allow for substantial increases in monetary fines, the forfeiture of any commissions earned, and the ability to fine licensees for each contravention of the Act, regulation, or rules.

Fourth, this Bill amends the ***Vancouver Charter*** to enable the City of Vancouver to impose a municipal vacancy tax on owners of vacant residential property.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to impose a vacancy tax, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

Honourable Speaker, I move that the Bill amendments be placed on the Orders of the Day for second reading at the next sitting of the House after today.

[The Speaker puts the question.]

SECOND READING SPEAKING NOTES

Bill 28

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

[The House Leader calls for second reading of Bill 28
Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016]

[The Speaker calls upon the Minister]

The Minister rises and moves:

...

MADAM SPEAKER,

I move that Bill 28 be read a second time now.

Madam Speaker

For quite a number of months now, there has been growing surprise, concern, and consternation about the rapid rise in the price of homes in certain regions of the province – primarily in Metro Vancouver, but also in the Capital Region and other cities.

There has been speculation – some of it informed, some of it less so – about the various factors underlying the continued and sustained rise in prices—particularly centred in Metro Vancouver.

Metro Vancouver is large and has a diverse economy – a regional GDP of more than \$100 billion. It is home to a diverse, educated and growing population – currently estimated at more than 2.5 million people and forecast to grow to almost 3 million in the next ten years.

In asking the reasonable question – what is driving the price of residential real estate ever higher? – we have been confronted with many further questions, both economic and social.

What is the role of demand ... the role of supply?...

Questions of correlation – did this happen and that happen at the same time?

Questions of causation – did this happen because of that?

The role of the flow of capital from outside our provincial and national borders?...

... whether and to what extent this flow of foreign capital is sufficient to drive a market as broad and diverse as that of Greater Vancouver?...

... are the recent price rises sustainable, and if not, what could the consequences be to families that borrowed to enter into this rapidly rising market?

We have also been confronted with questions that tend to challenge our notion of ourselves as a tolerant, welcoming people who value our interconnectedness and openness to the world, who respect the privacy of our neighbours and others, and who embrace a free-flowing, wide ranging modern society and dynamic economy.

Our province, our country, is increasingly connected through trade agreements and trade flows to the rest of the world.

Thirty years ago, our province and the city of Vancouver—we put ourselves on the world stage with Expo 86. We invited the world, and they came, they saw, and many probably fell in love with this place we call home – just as we did once.

Our government has worked since 2001 to build on our social, cultural and economic ties with the world that came to know us in that year and those that followed.

We have encouraged twinning relationships with communities across the Pacific; we have launched trade missions that created new opportunities and jobs; we have opened up new markets particularly for our forestry products, maritime, aerospace, and financial sectors; we made the world aware of us as Canada's Pacific Gateway, and through that we connected ourselves to the flow of global trade.

We further established our province as a green gem in the world's imagination with the drama and success of the 2010 Winter Olympic Games, at a time when so many economies around the world were beginning to flag and falter.

This is part of the story that saw B.C.'s economy stand as a safe harbour for investment through the tempests of the global economic slowdown, and helped us emerge from that economic crisis with now four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and with an economy that is forecast to lead growth among provinces both this year and the next.

Since 2001, economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

Yes, we have a strong economy, we have strong migration numbers, people are moving here. Our population is growing. And a growing population looks for homes to live in. This, then, speaks to the problem of demand.

On the other side, in the face of economic growth and rising demand for homes, we have issues of supply.

But what is that supply? Sometimes when I talk to people about this, I feel they think almost entirely of single family homes, with a nice yard, maybe a garden, lots of space outside for kids to play, and lots of space inside too—because sometimes it rains in Vancouver.

And nobody can blame them for that. In the vast majority of cases, that's the experience they had growing up. And as good, hardworking parents, they want the same or better for their kids. That's fair – it's a common, human dream.

Yet one fact struck me early on in this entire discussion – there were in 2011 about one thousand **fewer** single-family homes in the Vancouver area than there were in 1991.

And since 1991, the population has risen by almost one million new people (from 1.6 million to 2.5 million in 2015).

Where do those one million new people live? Townhouses, condos, other styles of housing. The number of multi-family units doubled in the same period that single family homes fell by 1,000.

In the late-1980s, more than half the housing starts in the Vancouver area were single-detached homes. By 2015, only 22% of housing starts were single-detached homes. And so far this year, 19% of housing starts are single detached.

Based on the current trends, forecasters anticipate the next 10 years could see a further half-million people or more move to Metro Vancouver.

If we want to provide long term stability and affordability in the real estate market and help current and future local residents realize the dream of home ownership in our communities...

... we need to bring more homes to market, more quickly, in livable communities that are supported by efficient, and cost-effective, rapid-transit networks.

That's one of the reasons that with Budget 2016 we exempted newly built homes priced up to \$750,000 from the Property Transfer Tax. To create an incentive for builders to start homes at affordable prices.

So far, (June 30, 2016)

- 3,603 families have saved an average of \$7,060 on their newly built homes.
- Total savings to families: \$25,436,366
- 189 per week on average (19 weeks)
- 27 per day on average.

The existing First Time Buyers Program has helped more than 10,470 families buy their first home this year.

The cursory review of permitting and approvals that I released two weeks ago showed that an estimated 108,000 units of housing are currently somewhere in the development planning and approvals process of just six lower mainland local governments.

Even though housing starts are currently trending strongly above the historical average, there's more supply available if local governments can get those homes through their processes and onto the market.

There are steps that the Province can take to help with that, and we are willing and anxious to work with local governments to help speed that process.

But however much we want to get new homes onto the market, there are legitimate and appropriate local governance processes that need time, and local residents have a legitimate say.

At the current prices and levels of demand, there's more that needs to be done while we work to bring forward new supply if we are to help people afford to buy in the current market.

In short, there needs to be a short term answer on the demand side of the equation, while housing supply has a chance to catch up.

That brings us to the specific changes this government proposes in this bill.

Bill 28 creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

First, to the Property Transfer Tax Act.

In Budget 2016, responding to the questions the public was asking about foreign ownership of residential property, I announced government would begin collecting data to identify foreign purchasers, and better understand whether—and to what extent—foreign capital was having an effect on residential real estate prices.

That data—still very early results—is showing some interesting figures. We now have 20 days' worth of data – From June 10 through to June 30.

For the period we could capture, there were:

- XXXX transactions in British Columbia
- XXX involved foreign nationals, a rate of X.X%
- The total investment by foreign nationals was \$XXXX – representing X% of the total investment.
- Metro Vancouver accounted for XX% of the real estate transactions, and YY% of the transactions by foreign buyers.
- By value, Metro Vancouver accounted for \$XXX million of transactions; foreign purchasers accounted for \$XXX million.

- The average investment by non-foreign buyers in Metro Vancouver was \$XXX, while the average investment by a foreign buyer was \$XXX

This is not, from what we can tell, inconsistent with Toronto, for example, or many other major, world-class cities.

But the volume of capital, in the face of our economy's ability to meet that demand, appears to need further measures to help our local residents afford to realize their dream of owning a home.

Accordingly, Bill 28, proposes amendments to the Property Transfer Tax Act, that, effective August 2, 2016, impose an additional tax on residential properties where the transferee is a foreign purchaser.

The foreign purchaser is defined as foreign national, a trust where the trustee or a beneficiary is a foreign national, as well as certain corporations that are transferees.

The additional tax will be 15 per cent of the fair market value of the foreign entity's proportionate share of the residential property. For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

We chose this rate in part as it reflects the rate other jurisdictions faced with similar circumstances have chosen. Singapore, for example, and Hong Kong, both apply a rate of 15% to residential property bought by foreign nationals.

The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation.

This flexibility will allow government to adjust the tax rate depending on the needs of the market.

The additional tax will initially apply to property transfers located in the Greater Vancouver Regional District, excluding the lands of the Tsawwassen First Nation.

The amendments also allow for expanding or reducing the areas in which the tax applies, should that prove necessary.

Some will doubtless seek to probe loopholes in these provisions, and our provisions to prevent that can be explored in committee-stage debate.

For now, let me say that the amendments are backed up by a specific anti-avoidance rule. Transactions structured to avoid the tax, will be caught by the anti-avoidance rule and will be subject to the tax.

We are also establishing broad, six-year provisions for audit, additional penalties for those who seek to evade the tax, and the government's intent is to ensure sufficient new audit staff to enforce the tax.

Furthermore, we are proposing fines payable as a result of offences with respect to the additional tax as the amount of unpaid tax, with interest, plus \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

Housing Priority Initiatives Fund

Madam speaker, as a second measure, the government is establishing a new Housing Priority Initiatives Fund for provincial housing, rental and shelter priority initiatives and programs. The fund will primarily receive a portion of revenues from the Property Transfer Tax.

Proposed amendments under the ***Special Accounts Appropriation and Control Act*** establish the new Housing Priority Initiatives special account within the Consolidated Revenue Fund, along with its operating rules and oversight.

The purpose of the Housing Priority Initiatives Fund is to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply, and access and support programs and activities.

The fund is established with a starting balance of \$75 million, and it will primarily receive periodic transfers of Property Transfer Tax revenues as approved by Treasury Board.

This account is under the responsibility of the Minister of Finance. It has the authority to fund operating expenditures, capital investments, and loans and loan-guarantees related to supply of housing and rental housing, or other shelter, access and support programs and initiatives, subject to the specific prior approval of Treasury Board.

Real Estate Services Act Amendments

Madam Speaker, it's clearly important that we British Columbians should have the help they need to enter the market to buy homes. And when they're doing so, they need to know that the process will be fair, respectful, and that if they choose to engage professional support, that person will act in **the client's** best interests, not the best interests of the agent.

We saw earlier this year that, in the face of an extraordinarily strong real estate market, some licensees took the opportunity to put their own gain ahead of their clients', and sought to profit at the expense of regular, vulnerable people.

Some in the industry saw what was happening, but regrettably, they were too busy selling homes to act in the broader interest of their profession.

That, Madam Speaker, is the inherent challenge of self-regulation. And that is why the government has chosen to go beyond the recommendations of the independent report, and end self-regulation for real estate licensees.

Madame Speaker, under these changes, the government will appoint all members of the Real Estate Council board to ensure a focus on consumer protection for British Columbians.

Furthermore, the superintendent of real estate will assume all rule-making powers that were formerly held by the Real Estate Council. The Superintendent is also provided with broad powers, including the ability to oversee and direct the council.

Finally, the amendments implement recommendations to address the necessary improvements to the regulatory regime as identified by the Independent Advisory Group.

The amendments we are proposing would also substantially increase the fines for licensee misconduct from \$10,000 to \$250,000 for licensees, and from \$20,000 to \$500,000 for brokerages. This measure will ensure there is a serious deterrent to misconduct, particularly considering the value of commissions derived from the current market.

Licensees that contravene the Act, regulations, or rules will also be subject to the forfeiture of any commissions earned, and may be penalized for each contravention.

The vast majority of real estate licensees are honest, hardworking people who have had their reputations tarnished by a few unscrupulous actors.

These amendments will help protect consumers by providing an effective deterrence to misconduct and will adequately penalize those licensees that put their own interests ahead the interests of their clients.

Vancouver Charter

Finally, we come to the amendments that will enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.

Vancouver is facing a record-low vacancy rate of 0.6%, which City Council feels is putting upward pressure on housing stock and contributing to unprecedented affordability issues.

This amendment seeks to respond to a lack of supply through interim measures that will give time for new supply to come on to the market.

When I met with Mayor Robertson two weeks ago, he spoke to both the need to take measures that create an incentive for new supply, while the longer term issues of encouraging development of rental accommodation could be addressed.

Vancouver's intent in applying a vacancy tax is to seek to increase the rental housing stock on the market

A recent City of Vancouver study suggested that there are nearly 11,000 empty homes in the city, 9,700 of which are condominiums and apartments.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to do so, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

The legislation balances flexibility in enabling Vancouver, while also providing enough certainty for the taxing authority to be legally valid.

In brief, the authority to tax applies only to residential land and improvements, and will not apply to properties otherwise exempt from property taxation.

Vancouver is limited to using monies received under this 'vacancy tax' for initiatives respecting affordable housing and administration of the tax.

Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

The proposed legislation enables a self-declaration approach; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence as to whether it is vacant or occupied – and if such information is not provided, Vancouver has recourse, including considering the property to be vacant and taxable.

These changes to the Vancouver Charter are intended to help address housing affordability by enabling the City of Vancouver to implement a vacancy tax, should the City choose to do so.

There is still a great deal of work to be done for the city to establish the necessary means to levy, collect, administer and enforce this tax.

I know that other local governments that have similar concerns are looking with interest at Vancouver's approach.

I hope they will have the opportunity to learn from Vancouver's experience, and accordingly decide whether it's something they also wish to pursue.

Conclusion

Madam Speaker, the legislation today creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

Owning a home should be accessible to families of middle-class British Columbians. And when they seek to purchase that home, they should be treated fairly and respectfully. And finally, those who seek to rent should also be able to find a suitable home.

The changes we are proposing today are about making sure that British Columbians can continue to live, work and raise their families in our communities.

MADAME SPEAKER, I MOVE SECOND READING OF BILL 28.

[THE MINISTER SITS]

[Bill is Debated]

[The Speaker Puts Motion and Announces The Result]

[Bill Read a Second Time]

[THE MINISTER RISES AND STATES:]

Madame Speaker, I move that the bill be referred to a committee of the whole house for consideration at the next sitting after today.

[THE MINISTER SITS]

[Speaker Puts Motion]

Feedback received from

- Steve H
- Sadaf M
-

DRAFT NEWS RELEASE

For Immediate Release

Ministry of Finance

[release number]

[Date]

Bill takes action on foreign investment, consumer protection and vacancy

VICTORIA – Legislation introduced today creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

Bill 28, “Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016”, was introduced in the legislature today.

“We believe that owning a home should be accessible to middle-class families, and that those who are in a position to rent are able to find a suitable home,” Premier Christy Clark said. “These changes are about helping making sure that British Columbians can continue to live, work and raise their families in our vibrant communities.” [NOT APPROVED]

An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations. Effective August 2, 2016, foreign entities purchasing residential property in the Greater Vancouver Regional District, excluding Tsawwassen Lands, will pay the additional 15% tax on the residential component of the foreign interest in a property. For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

“The data we started collecting earlier this summer showed foreign nationals invested more than \$X million into B.C. property between June 10 and July 15, primarily in the Lower Mainland,” said Finance Minister Michael de Jong. “While investment from outside Canada is only one factor driving price increases, it is creating a significant source of pressure on a market struggling to build enough new homes to keep up. This additional tax on foreign purchases will help manage foreign demand while new homes are built to meet local needs.”

Second, the government is investing \$75 million into a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax.

Third, the Province is amending the Real Estate Services Act to end self-regulation of the real estate industry and substantially implement the key recommendations of the Independent Advisory Group’s report. These changes will increase significantly the Superintendent of Real Estate’s authority and oversight. The power to make the rules that apply to the conduct of licensees will rest with the new Superintendent of Real Estate instead of with Council. The new Superintendent will also have the authority to direct and oversee Council operations, including requiring Council to investigate a particular matter, issue a notice of a disciplinary hearing, and

provide reports on the operations and activities of Council to the Superintendent. As well, the Chair, vice-Chair and all other members of the Council will be appointed by government.

"We need to ensure that when people are ready to make such an important investment, the proper protections and oversight are in place," said de Jong. "Consumers must be confident their interests are held above all else."

Fourth, amendments to the Vancouver Charter provide the legislative authority for the city to implement and administer a tax on vacant homes. The City of Vancouver will design the framework of the vacancy tax, including details like the tax rate, when it will apply and any necessary exemptions.

[APPROVED] "The issue of housing supply and affordability is impacting British Columbians and the livability of our Province, especially the Metro Vancouver region," said Minister Peter Fassbender. "The City of Vancouver has identified the need for a vacancy tax in order to meet rental supply issues. We are taking action by introducing legislation today that enables them to do this work."

The Province is working on additional measures to address the complex causes of rising housing prices in Metro Vancouver, as well as other regions of the province. This work focuses on ensuring the dream of home ownership remains within the reach of the middle class, increasing housing supply, smart transit expansion, supporting first-time home buyers, strengthening consumer protection, and increasing rental supply.

Media Contact:

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

BACKGROUND

Additional property transfer tax for foreign entities

Effective August 2, 2016, foreign nationals, taxable trustees and foreign-controlled corporations purchasing residential property in Metro Vancouver will pay an additional 15% tax on the residential component of the foreign interest in a property. The tax does not apply within the Tsawwassen First Nation Lands.

The purpose of this tax is to help manage ongoing demand while the market responds by building new homes to meet local demand. By placing barriers to the foreign investment in Metro Vancouver's real estate, we can help manage rising prices while supply catches up.

While at the present time the additional tax will only apply in Greater Vancouver, the Bill includes regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. The Province continues to monitor data on foreign investment and foreign ownership in B.C.'s real estate market.

Application

A trustee will be subject to the additional tax if the trustee is a foreign entity, or if a beneficiary of the trust is a foreign entity. Similarly, a corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities. If one or more beneficiaries of a bare trust are foreign, the transaction will be subject to the additional tax, even if the trustee is not foreign.

The additional tax will only apply to the portion of a property's value that is for residential use. For example, if a foreign corporation purchases a mixed-use development that combines residential space with commercial space, the additional 15% tax will apply only to the portion of the property's value that is for residential use.

Enforcement

Audit measures already in place for the property transfer tax will be extended to encompass the additional tax. Additional auditors will be required and the process is underway to begin recruitment so that the necessary resources are in place to ensure the additional tax is paid by those required to do so under the legislation.

The amendments extend the limitation period for audit and enforcement of the additional tax to six years. The existing limitation period for the regular tax is one year.

Avoidance Rules

The amendments include anti-avoidance rules designed to capture transactions that are specifically structured to avoid the tax. For example, a transferee who would otherwise be

taxable cannot hide behind a local trustee. The legislation is structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

Increased Penalties

Fines payable as a result of offences with respect to the additional tax are the amount of unpaid tax, with interest, plus \$200,000 for corporations and \$25,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

BACKGROUND

Strengthening consumer protection and restoring consumer confidence

The Independent Advisory Group established by the Superintendent of Real Estate released its report into regulation of the real estate industry on June 28, 2016. The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.

The report made 28 recommendations to enhance governance, oversight, transparency and accountability to consumers. The Province accepted all of the report's recommendations, and is taking the additional step of ending self-regulation of the industry and dramatically increasing the Superintendent of Real Estate's oversight and authority.

The following amendments are proposed to the Real Estate Services Act in response to the recommendations of the Independent Advisory Group:

- Increase disciplinary and administrative penalties (recommendation #16)
- Allow for disgorgement of the proceeds of misconduct from licensees and brokerages (recommendation #17)
- Requiring all members of Council to be appointed by government (recommendation #19)
- Significantly increase the Superintendent's oversight of Council (recommendation #21)
- Allow owners to train and supervise licensees only if owners are themselves licensees (recommendation #23)

In some cases, the amendments provide the authority needed for government to make regulations or for the Superintendent to make rules.

The Superintendent of Real Estate has been granted rule-making authority in the following areas, to help address the recommendations of the IAG:

- Establishing a Code of Ethics (recommendation #1)
- Requiring licensees to disclose the nature of their services to unrepresented parties, and advise those parties to seek licensee services (recommendation #2)
- Establishing standards of conduct and business practices for licensees (recommendation #3, #4, #9, #11)
- Establishing conditions and restrictions on a licensee acquiring an interest in trade (recommendation #7)
- Imposing conditions and restrictions on a licensee acquiring an interest in trade, including review and disclosures by managing broker (recommendation #8)
- Respecting the relationship between managing brokers and licensees (recommendation 22)
- Requiring licensees to provide information to Council (recommendation #24)

Government is granted the authority to make regulations in the following areas, to help address the recommendations of the IAG:

- Prohibit licensees from offering dual agency (recommendation #2)
- Allow for disgorged profits resulting from licensee misconduct to be directed to an entity other than Council (recommendation #17)

The recommendations respecting authority over unlicensed activity and the extension of shadow flipping rules to transactions not involving licensees require further analysis by government, the Superintendent and the Real Estate Council of B.C. (recommendation #6, #20).

Other recommendations are operational and will be considered as part of the new Superintendent's implementation plan (recommendation #5, #10, #12, #13, #14, #15, #18, #25, #26, #27, #28).



Legislation Privacy Impact Assessment

Part 1 – GENERAL

Name of Legislation:	Property Transfer Tax Amendment Act		
Date of RFL:	July 17, 2016.		
Name of Ministry:	Finance		
Ministry Contact:	Paul Flanagan	Phone:	250 387 9014
Email:	Paul.Flanagan@gov.bc.ca		

1. Please indicate whether the legislation is:

☐	New
☒	Amended
Name of the Act being replaced (if applicable):	

2. Provide a brief summary of the legislative proposal.

The *Property Transfer Tax Amendment Act* contains amendments to the *Property Transfer Tax Act* (the Act) which impose an additional tax applicable to transfers of residential properties where the transferee is a foreign entity as defined in the legislation.



Legislation Privacy Impact Assessment

Foreign entities include the following:

- Individuals that are foreign nationals;
- Corporations that are not incorporated in Canada, and corporations, other than those listed on a Canadian stock exchange, incorporated in Canada and controlled by foreign nationals or certain corporations.

Also included are trusts, where a trustee is a foreign entity and trusts where a beneficiary is a foreign entity.

There is an existing framework in the Act that governs the confidentiality of taxpayer information and restricts the use of taxpayer information collected under the Act. Section 32 of the Act provides that information collected under the act may only be used or disclosed for prescribed purposes:

- The administration and enforcement of the Act, the *Home Owner Grant Act* and the *Land Tax Deferment Act*.
- Court proceedings related to those acts
- Under a tax information exchange agreement entered into with the federal government
- Compilation of statistical data, and
- To the British Columbia Assessment Authority.

The amendments do not expand or modify the existing framework.

3. Please advise:

a)	For which legislative session is the proposed amendment scheduled?	Summer 2016
b)	Do you have a policy committee date?	No Date:
c)	Has the Privacy and Legislation Branch (PLB) reviewed any part of this amendment for a previous legislative session? (If yes, please list relevant parts, date reviewed and changes that have been made since. If you previously completed an LPIA or PIA, please attach a copy.)	No.



Legislation Privacy Impact Assessment

Part 2 - PRIVACY (Protection of Privacy)

4. a) Within the proposed legislation, what personal information, if any, is authorized to be collected, used or disclosed?

No specific personal information is authorized to be collected under the proposed legislation. The amendments do allow the administrator to create a form to administer the tax and in that form require information necessary to administer the additional tax. However, the power to create forms and require information already exists under the Act..

5. Collection of personal information

a)	Does the proposed legislation <u>specifically</u> authorize the <u>collection</u> of personal information?	
☒	Yes	☐ No (Go to question 6)
If yes, please describe and provide the rationale to support the collection.		
The amendments do allow the administrator to create a form to administer the tax and in that form require information necessary to administer the additional tax. However, the power to create forms and require information already exists under the Act.		
b)	Will the personal information be collected directly from the individual concerned?	
☒	Yes (Go to question 6)	☒ No
If no, will the proposed legislation authorize the indirect collection of the personal information? (Please specify)		

Legislation Privacy Impact Assessment

6. Use of personal information

a)	Does the proposed legislation <u>specifically authorize the use</u> of personal information?		
	Yes	*	No (Go to question 7)

If yes, please describe and provide the rationale to support the use.

The amendments do not specifically authorize the use of personal information.

The Act currently authorizes the administrator to use the information collected from the transferee for audit purposes.

Section 32 of the Act provides that information collected under the act may only be used or disclosed for prescribed purposes:

- The administration and enforcement of the Act, the *Home Owner Grant Act* and the *Land Tax Deferment Act*.
- Court proceedings related to those acts
- Under a tax information exchange agreement entered into with the federal government
- Compilation of statistical data, and
- To the British Columbia Assessment Authority.

The amendments do not expand or modify the existing framework.

7. Disclosure of personal information

a)	Does the proposed legislation <u>specifically authorize the disclosure</u> of personal information?		
	Yes	*	No (Go to question 8)

If yes, please describe and provide the purpose and rationale to support the disclosure. Please also describe to whom the personal information would be disclosed.

b)	Does the proposed legislation <u>permit or require the disclosure</u> of personal information outside Canada? (This includes information posted on the internet.)		
	Yes (Please describe and provide the rationale)	*	No (Go to question 8)



Legislation Privacy Impact Assessment

8. Does the proposed legislation address the retention/disposal of personal information? If so, please explain.

No.

9. Will the proposed legislation support a regulation-making function related to the administration of personal information?

☐	Yes – please explain (Please follow-up with PLB during the regulation development)
☒	No
☐	Unknown (If one is developed please follow-up with PLB during the regulation development)

Part 3 – ACCESS (Freedom of Information)

10. Does the proposed legislation include a section that overrides or limits provisions of the *Freedom of Information and Protection of Privacy (FOIPP) Act* (examples of this include a notwithstanding clause or “despite the FOIPP Act” clause)?

☐	Yes	☒	No (Go to question 11)
a)	Identify the provisions of the FOIPP Act that will be affected,		
b)	cite section in proposed legislation (if available), and		
c)	explain why the override or limitation is necessary.		



Legislation Privacy Impact Assessment

11. Does the proposed legislation include a confidentiality clause or any other provision that limits the access of an individual to their personal information or other records of the public body?

	Yes	*	No
a)	Cite section reference in proposed legislation (if available)		
b)	Explain why the confidentiality clause or other limiting provision is necessary		

Part 4 - Conclusion

This LPIA is based on the RFL dated and identified on page one. If there are any changes in scope from the original RFL you may need to complete a new Legislation Privacy Impact Assessment. Please inform PLB if you make any changes to the scope.

LPIA Completed by:	Paul Flanagan	Title:	Executive Director	Date:	July 18, 2016

Please note that PLB's review and comment on your PIA is confirmed through the summary it sends to Cabinet Operations.



Legislation Privacy Impact Assessment

Version 3

Part 1 – GENERAL

Name of Legislation:	Special Accounts Appropriation and Control Act		
Date of RFL:	N/A		
Name of Ministry:	Ministry of Finance		
Ministry Contact:	Doug Foster	Phone:	(250) 387 - 9022
Email:	Doug.Foster@gov.bc.ca		

1. Please indicate whether the legislation is:

☐	New
☒	Amended
Name of the Act being replaced (if applicable):	

2. Provide a brief summary of the legislative proposal.

The proposed amendments under the *Special Accounts Appropriation and Control Act* are complementary to proposed amendments to the *Property Transfer Tax Act* and establish a new Housing Priority Initiatives special account (Account) within the Consolidated Revenue Fund. The Account's purpose is to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply; access and support programs.

3. Please advise:

a)	For which legislative session is the proposed amendment scheduled?		
b)	Do you have a policy committee date?	LRC	Date: July 21, 2016
c)	Has the Privacy and Legislation Branch (PLB) reviewed any part of this amendment for a previous legislative session?		No
(If yes, please list relevant parts, date reviewed and changes that have been made since. If you previously completed an LPIA or PIA, please attach a copy.)			



Legislation Privacy Impact Assessment

Part 2 - PRIVACY (Protection of Privacy)

4. a) Within the proposed legislation, what personal information, if any, is authorized to be collected, used or disclosed?

The proposed legislation itself does not specifically refer to collection or disclosure of personal information. However, the new statutory special account (Account) created by the proposed legislation will provide statutory authority to make loans, loan guarantees, grants and other forms of assistance, the funding of which is provided for through the Account. The process of developing and executing such instruments would involve the collection of personal information either through the Account or through other ministries and agencies. It is anticipated that the collection of information will be by consent.

- b) Will there be a change to the scope (amount or type) of personal information being collected, used or disclosed? (If so, please describe.)

None anticipated once program designs are completed.

5. Collection of personal information

a)	Does the proposed legislation <u>specifically authorize the collection of personal information?</u>		
	Yes	☒ X	No (Go to question 6)
If yes, please describe and provide the rationale to support the collection.			
b)	Will the personal information be collected directly from the individual concerned?		
	Yes (Go to question 6)	☒ X	No
If no, will the proposed legislation authorize the indirect collection of the personal information? (Please specify)			

6. Use of personal information

a)	Does the proposed legislation <u>specifically authorize the use of personal information?</u>		
	Yes	☒ X	No (Go to question 7)
If yes, please describe and provide the rationale to support the use.			



Legislation Privacy Impact Assessment

7. Disclosure of personal information

a)	Does the proposed legislation <u>specifically authorize the disclosure</u> of personal information?		
	Yes	☒ No (Go to question 8)	
If yes, please describe and provide the purpose and rationale to support the disclosure. Please also describe to whom the personal information would be disclosed.			
b)	Does the proposed legislation <u>permit or require the disclosure</u> of personal information outside Canada? (This includes information posted on the internet.)		
	Yes (Please describe and provide the rationale)	☒ No (Go to question 8)	

8. Does the proposed legislation address the retention/disposal of personal information? If so, please explain.

No. Relies on existing FOIPPA rules.

9. Will the proposed legislation support a regulation-making function related to the administration of personal information? Yes

☐	Yes – please explain (Please follow-up with PLB during the regulation development)
☒	No
☐	Unknown (If one is developed please follow-up with PLB during the regulation development)

Part 3 – ACCESS (Freedom of Information)

10. Does the proposed legislation include a section that overrides or limits provisions of the *Freedom of Information and Protection of Privacy (FOIPP) Act* (examples of this include a notwithstanding clause or “despite the FOIPP Act” clause)?

	Yes	☒ No (Go to question 11)
a)	Identify the provisions of the FOIPP Act that will be affected,	



Legislation Privacy Impact Assessment

b) cite section in proposed legislation (if available), and

c) explain why the override or limitation is necessary.

11. Does the proposed legislation include a confidentiality clause or any other provision that limits the access of an individual to their personal information or other records of the public body?

Yes

☒ No

a) Cite section reference in proposed legislation (if available)

b) Explain why the confidentiality clause or other limiting provision is necessary

Part 4 – Conclusion

This LPIA is based on the RFL dated and identified on page one. If there are any changes in scope from the original RFL you may need to complete a new Legislation Privacy Impact Assessment. Please inform PLB if you make any changes to the scope.

LPIA Completed
by:

Title:

Date:

Please note that PLB's review and comment on your PIA is confirmed through the summary it sends to Cabinet Operations.

FIRST READING SPEAKING NOTES

Bill 28 – 2016

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

Honourable Speaker, I have the honour to present a message from her Honour the Lieutenant Governor.

You give the message to the Page.

Sit down

[Page takes message to the Speaker.]

[The Speaker reads the message.]

[The Speaker will acknowledge you.]

You, Minister of Finance, rise and state:

I move that the Bill be introduced and read a first time now.

Keep Standing

[The Speaker puts the question.]

[The Speaker will acknowledge you.]

Honourable Speaker, I am pleased to introduce the *Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016*.

Madam Speaker, this Bill amends the ***Vancouver Charter*** to enable the City of Vancouver to impose a municipal vacancy tax on owners of vacant residential property.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to impose a vacancy tax, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

Second, this bill amends the ***Real Estate Services Act*** to substantially implement the key recommendations of the Independent Advisory Group report, and to end self-regulation of the real estate industry.

All members of the Real Estate Council of British Columbia will be appointed by the Lieutenant Governor in Council, and the

amendments provide the superintendent of real estate with broad new rule-making and oversight powers.

The amendments also strengthen the regulatory regime and deter and punish the worst behaviour in the marketplace. Measures allow for substantial increases in monetary fines, the forfeiture of any commissions earned, and the ability to fine licensees for each contravention of the Act, regulation, or rules.

Third, the *Act* amends the ***Special Accounts Appropriation and Control Act*** to establish a new Housing Priority Initiatives special account within the Consolidated Revenue Fund.

The new Housing Priority Initiatives special account is intended to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply; access and support programs. It is intended to be complementary to the proposed amendments to the *Property Transfer Tax Act*. The special account will be effective on Royal Assent of the Bill.

And finally, Madam Speaker, Bill 28 amends the ***Property Transfer Tax Act*** to impose an additional tax of 15 per cent on transfers of residential properties where the transferee is a foreign national, as well as certain corporations or trusts involving foreign nationals.

For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

This additional tax will be effective August 2, 2016, and will apply to property transfers located in the Greater Vancouver Regional District excluding the lands of the Tsawwassen First Nation.

Honourable Speaker, I move that the Bill amendments be placed on the Orders of the Day for second reading at the next sitting of the House after today.

[The Speaker puts the question.]

SECOND READING SPEAKING NOTES

Bill 28

Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

[The House Leader calls for second reading of Bill 28
Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016]

[The Speaker calls upon the Minister]

The Minister rises and moves:

...

MADAM SPEAKER,

I move that Bill 28 be read a second time now.

Madam Speaker

For quite a number of months now, there has been growing surprise, concern, and consternation about the rapid rise in the price of homes in certain regions of the province – primarily in Metro Vancouver, but also in the Capital Region and other cities.

There has been speculation – some of it informed, some of it less so – about the various factors underlying the continued and sustained rise in prices—particularly centred in Metro Vancouver.

Metro Vancouver is large and has a diverse economy – a regional GDP of more than \$100 billion. It is home to a diverse, educated and growing population – currently estimated at more than 2.5 million people and forecast to grow to almost 3 million in the next ten years.

In asking the reasonable question – what is driving the price of residential real estate ever higher? – we have been confronted with many further questions, both economic and social.

What is the role of demand ... the role of supply?...

Questions of correlation – did this happen and that happen at the same time?

Questions of causation – did this happen because of that?

The role of the flow of capital from outside our provincial and national borders?...

... whether and to what extent this flow of foreign capital is sufficient to drive a market as broad and diverse as that of Greater Vancouver?...

... are the recent price rises sustainable, and if not, what could the consequences be to families that borrowed to enter into this rapidly rising market?

We have also been confronted with questions that tend to challenge our notion of ourselves as a tolerant, welcoming people who value our interconnectedness and openness to the world, who respect the privacy of our neighbours and others, and who embrace a free-flowing, wide ranging modern society and dynamic economy.

Our province, our country, is increasingly connected through trade agreements and trade flows to the rest of the world.

Thirty years ago, our province and the city of Vancouver—we put ourselves on the world stage with Expo 86. We invited the world, and they came, they saw, and many probably fell in love with this place we call home – just as we did once.

Our government has worked since 2001 to build on our social, cultural and economic ties with the world that came to know us in that year and those that followed.

We have encouraged twinning relationships with communities across the Pacific; we have launched trade missions that created new opportunities and jobs; we have opened up new markets particularly for our forestry products, maritime, aerospace, and financial sectors; we made the world aware of us as Canada's Pacific Gateway, and through that we connected ourselves to the flow of global trade.

We further established our province as a green gem in the world's imagination with the drama and success of the 2010 Winter Olympic Games, at a time when so many economies around the world were beginning to flag and falter.

This is part of the story that saw B.C.'s economy stand as a safe harbour for investment through the tempests of the global economic slowdown, and helped us emerge from that economic crisis with now four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and with an economy that is forecast to lead growth among provinces both this year and the next.

Since 2001, economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

Yes, we have a strong economy, we have strong migration numbers, people are moving here. Our population is growing. And a growing population looks for homes to live in. This, then, speaks to the problem of demand.

On the other side, in the face of economic growth and rising demand for homes, we have issues of supply.

But what is that supply? Sometimes when I talk to people about this, I feel they think almost entirely of single family homes, with a nice yard, maybe a garden, lots of space outside for kids to play, and lots of space inside too—because sometimes it rains in Vancouver.

And nobody can blame them for that. In the vast majority of cases, that's the experience they had growing up. And as good, hardworking parents, they want the same or better for their kids. That's fair – it's a common, human dream.

Yet one fact struck me early on in this entire discussion – there were in 2011 about one thousand **fewer** single-family homes in the Vancouver area than there were in 1991.

And since 1991, the population has risen by almost one million new people (from 1.6 million to 2.5 million in 2015).

Where do those one million new people live? Townhouses, condos, other styles of housing. The number of multi-family units doubled in the same period that single family homes fell by 1,000.

In the late-1980s, more than half the housing starts in the Vancouver area were single-detached homes. By 2015, only 22% of housing starts were single-detached homes. And so far this year, 19% of housing starts are single detached.

Based on the current trends, forecasters anticipate the next 10 years could see a further half-million people or more move to Metro Vancouver.

If we want to provide long term stability and affordability in the real estate market and help current and future local residents realize the dream of home ownership in our communities...

... we need to bring more homes to market, more quickly, in livable communities that are supported by efficient, and cost-effective, rapid-transit networks.

That's one of the reasons that with Budget 2016 we exempted newly built homes priced up to \$750,000 from the Property Transfer Tax. To create an incentive for builders to start homes at affordable prices.

So far, [July 14, 2016]

- 4,027 families have saved an average of \$7,698 on their newly built homes.
- Total savings to families: \$31,770,029
- 191 per week on average (21 weeks)
- 27 per day on average.

The existing First Time Buyers Program has helped more than 11,000 families buy their first home this year. [to July 14, 2016]

The cursory review of permitting and approvals that I released two weeks ago showed that an estimated 108,000 units of housing are currently somewhere in the development planning and approvals process of just six lower mainland local governments.

Even though housing starts are currently trending strongly above the historical average, there's more supply available if local governments can get those homes through their processes and onto the market.

There are steps that the Province can take to help with that, and we are willing and anxious to work with local governments to help speed that process.

But however much we want to get new homes onto the market, there are legitimate and appropriate local governance processes that need time, and local residents have a legitimate say.

At the current prices and levels of demand, there's more that needs to be done while we work to bring forward new supply if we are to help people afford to buy in the current market.

In short, there needs to be a short term answer on the demand side of the equation, while housing supply has a chance to catch up.

That brings us to the specific changes this government proposes in this bill.

Bill 28 creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

First, to the Property Transfer Tax Act.

In Budget 2016, responding to the questions the public was asking about foreign ownership of residential property, I announced government would begin collecting data to identify foreign purchasers, and better understand whether—and to what extent—foreign capital was having an effect on residential real estate prices.

That data—still very early results—is showing some interesting figures. We now have 20 days' worth of data – From June 10 through to June 30.

For the period we could capture, there were:

- There were 19,383 residential property transactions in British Columbia
- 1,276 transactions involved foreign nationals, a rate of 6.6%
- The total investment by foreign nationals was \$1,024,031,118 representing 7.9% of the total investment
- Metro Vancouver accounted for 49.7% of the real estate transactions, and 73.3% of transactions by foreign buyers
- By value, Metro Vancouver accounted for a total \$8,815,699,993 worth of transactions; foreign purchasers accounted for \$885,393,373.

- The average investment by non-foreign buyers in Metro Vancouver was \$911,425, while the average investment by a foreign buyer was \$946,945.

This is not, from what we can tell, inconsistent with Toronto, for example, or many other major, world-class cities.

But the volume of capital, in the face of our economy's ability to meet that demand, appears to need further measures to help our local residents afford to realize their dream of owning a home.

Accordingly, Bill 28, proposes amendments to the Property Transfer Tax Act, that, effective August 2, 2016, impose an additional tax on residential properties where the transferee is a foreign purchaser.

The foreign purchaser is defined as foreign national, a trust where the trustee or a beneficiary is a foreign national, as well as certain corporations that are transferees.

The additional tax will be 15 per cent of the fair market value of the foreign entity's proportionate share of the residential property. For example, the tax on the purchase of a home valued at \$2 million will amount to an additional \$300,000.

We chose this rate in part as it reflects the rate other jurisdictions faced with similar circumstances have chosen. Singapore, for example, and Hong Kong, both apply a rate of 15% to residential property bought by foreign nationals.

The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation.

This flexibility will allow government to adjust the tax rate depending on the needs of the market.

The additional tax will initially apply to property transfers located in the Greater Vancouver Regional District, excluding the lands of the Tsawwassen First Nation.

The amendments also allow for expanding or reducing the areas in which the tax applies, should that prove necessary.

Some will doubtless seek to probe loopholes in these provisions, and our provisions to prevent that can be explored in committee-stage debate.

For now, let me say that the amendments are backed up by a specific anti-avoidance rule. Transactions structured to avoid the tax, will be caught by the anti-avoidance rule and will be subject to the tax.

We are also establishing broad, six-year provisions for audit, additional penalties for those who seek to evade the tax, and the government's intent is to ensure sufficient new audit staff to enforce the tax.

Furthermore, we are proposing fines payable as a result of offences with respect to the additional tax as the amount of unpaid tax, with interest, plus \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

Housing Priority Initiatives Fund

Madam speaker, as a second measure, the government is establishing a new Housing Priority Initiatives Fund for provincial housing, rental and shelter priority initiatives and programs. The fund will primarily receive a portion of revenues from the Property Transfer Tax.

Proposed amendments under the ***Special Accounts Appropriation and Control Act*** establish the new Housing Priority Initiatives special account within the Consolidated Revenue Fund, along with its operating rules and oversight.

The purpose of the Housing Priority Initiatives Fund is to provide a strategic central funding vehicle from which priority initiatives may be funded in respect of provincial housing and rental/shelter supply, and access and support programs and activities.

The fund is established with a starting balance of \$75 million, and it will primarily receive periodic transfers of Property Transfer Tax revenues as approved by Treasury Board.

This account is under the responsibility of the Minister of Finance. It has the authority to fund operating expenditures, capital investments, and loans and loan-guarantees related to supply of housing and rental housing, or other shelter, access and support programs and initiatives, subject to the specific prior approval of Treasury Board.

Real Estate Services Act Amendments

Madam Speaker, it's clearly important that we British Columbians should have the help they need to enter the market to buy homes. And when they're doing so, they need to know that the process will be fair, respectful, and that if they choose to engage professional support, that person will act in **the client's** best interests, not the best interests of the agent.

We saw earlier this year that, in the face of an extraordinarily strong real estate market, some licensees took the opportunity to put their own gain ahead of their clients', and sought to profit at the expense of regular, vulnerable people.

Some in the industry saw what was happening, but regrettably, they were too busy selling homes to act in the broader interest of their profession.

That, Madam Speaker, is the inherent challenge of self-regulation. And that is why the government has chosen to go beyond the recommendations of the independent report, and end self-regulation for real estate licensees.

Madame Speaker, under these changes, the government will appoint all members of the Real Estate Council board to ensure a focus on consumer protection for British Columbians.

Furthermore, the superintendent of real estate will assume all rule-making powers that were formerly held by the Real Estate Council. The Superintendent is also provided with broad powers, including the ability to oversee and direct the council.

Finally, the amendments implement recommendations to address the necessary improvements to the regulatory regime as identified by the Independent Advisory Group.

The amendments we are proposing would also substantially increase the fines for licensee misconduct from \$10,000 to \$250,000 for licensees, and from \$20,000 to \$500,000 for brokerages. This measure will ensure there is a serious deterrent to misconduct, particularly considering the value of commissions derived from the current market.

Licensees that contravene the Act, regulations, or rules will also be subject to the forfeiture of any commissions earned, and may be penalized for each contravention.

The vast majority of real estate licensees are honest, hardworking people who have had their reputations tarnished by a few unscrupulous actors.

These amendments will help protect consumers by providing an effective deterrence to misconduct and will adequately penalize those licensees that put their own interests ahead the interests of their clients.

Vancouver Charter

Finally, we come to the amendments that will enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.

Vancouver is facing a record-low vacancy rate of 0.6%, which City Council feels is putting upward pressure on housing stock and contributing to unprecedented affordability issues.

This amendment seeks to respond to a lack of supply through interim measures that will give time for new supply to come on to the market.

When I met with Mayor Robertson two weeks ago, he spoke to both the need to take measures that create an incentive for new supply, while the longer term issues of encouraging development of rental accommodation could be addressed.

Vancouver's intent in applying a vacancy tax is to seek to increase the rental housing stock on the market

A recent City of Vancouver study suggested that there are nearly 11,000 empty homes in the city, 9,700 of which are condominiums and apartments.

The legislation enables but does not require Vancouver to impose a vacancy tax. If Vancouver chooses to do so, the legislation sets out key elements of the tax, but leaves the design details to Vancouver to determine and impose by bylaw.

The legislation balances flexibility in enabling Vancouver, while also providing enough certainty for the taxing authority to be legally valid.

In brief, the authority to tax applies only to residential land and improvements, and will not apply to properties otherwise exempt from property taxation.

Vancouver is limited to using monies received under this ‘vacancy tax’ for initiatives respecting affordable housing and administration of the tax.

Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

The proposed legislation enables a self-declaration approach; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence as to whether it is vacant or occupied – and if such information is not provided, Vancouver has recourse, including considering the property to be vacant and taxable.

These changes to the Vancouver Charter are intended to help address housing affordability by enabling the City of Vancouver to implement a vacancy tax, should the City choose to do so.

There is still a great deal of work to be done for the city to establish the necessary means to levy, collect, administer and enforce this tax.

I know that other local governments that have similar concerns are looking with interest at Vancouver's approach.

I hope they will have the opportunity to learn from Vancouver's experience, and accordingly decide whether it's something they also wish to pursue.

Conclusion

Madam Speaker, the legislation today creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.

Owning a home should be accessible to families of middle-class British Columbians. And when they seek to purchase that home, they should be treated fairly and respectfully. And finally, those who seek to rent should also be able to find a suitable home.

The changes we are proposing today are about making sure that British Columbians can continue to live, work and raise their families in our communities.

MADAME SPEAKER, I MOVE SECOND READING OF BILL 28.

[THE MINISTER SITS]

[Bill is Debated]

[The Speaker Puts Motion and Announces The Result]

[Bill Read a Second Time]

[THE MINISTER RISES AND STATES:]

Madame Speaker, I move that the bill be referred to a committee of the whole house for consideration at the next sitting after today.

[THE MINISTER SITS]

[Speaker Puts Motion]

Feedback received from

- Steve H
- Sadaf M
-

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MLA Key Messages
Questions and Answers
Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016

General:

- As a government, we recognize home ownership can be challenging in B.C., particularly in Vancouver.
- Budget 2016 introduced a number of measures designed to stimulate supply of new housing, assist purchasers, invest in affordable housing and improve our understanding of what drives growth in B.C.'s real estate market.
- Today, the Province is taking further steps to help keep the dream of home ownership within reach of middle-class families, and ensure that those who are in a position to rent are able to find a suitable home.
- This bill creates new measures to help make home ownership more affordable, establishes a fund for market housing and rental initiatives, strengthens consumer protection, and gives the City of Vancouver the tools it requested to increase rental property supply.
- These are complex issues that will require a number of different solutions. There will be more to come in the weeks and months ahead.

Additional Property Transfer Tax

- An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations.
- The additional tax will take effect Aug. 2, 2016, and will apply to foreign entities registering their purchase of residential property in the Greater Vancouver Regional District, excluding the treaty lands of the Tsawwassen First Nation.
- This tax will help manage ongoing demand in residential real estate while the housing market responds by building new homes to meet local needs.
- Placing barriers to the foreign investment in the GVRD real estate can help manage rising prices while supply catches up.

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in the GVRD and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

2. How will you enforce the tax?

Property transfer tax audit measures are already in place and will be extended to encompass the additional tax to ensure it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is already underway to begin recruitment.

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

3. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

4. Will tax revenues be earmarked for government housing programs?

No, the additional tax will not be earmarked to a specific purpose.

However, the government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. Subject to approval by Treasury Board, the fund can receive a portion of revenues from the property transfer tax in the future.

5. Why only in the GVRD?

For now, the clearest need for this response is in GVRD. The Bill contains regulatory powers that would allow the government to apply the additional tax in other areas. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to respond by making changes quickly.

Housing Priority Initiatives Fund

- The Province is investing \$75 million into a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future.
- The fund can receive a portion of revenues from the property transfer tax.

6. What is the Housing Priority Initiatives Fund?

The Housing Priority Initiatives Fund is a new strategic and flexible central fund to implement priority initiatives related to supply of housing, rental housing, or other shelter, and access and support programs and initiatives.

7. What can the money be spent on?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for

low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

Vacancy Tax

- Vancouver's city council feels that a record-low vacancy rate of 0.6% puts upward pressure on housing stock and contributes to unprecedented affordability issues.
- We are proposing amendments to the Vancouver Charter to enable the City of Vancouver to implement a stand-alone tax on vacant residential properties.
- The legislation enables, but does not require, Vancouver to impose a vacancy tax and sets out key elements of the tax, but does not prescribe the design details.
- The City of Vancouver would be responsible for administration, implementation, collection and enforcement of the tax.

8. Why are you making these changes?

The Province is enabling Vancouver to implement a tax on vacant residential property in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.

9. What is the goal of a vacancy tax?

Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

10. Is vacancy a problem in Vancouver?

A study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

11. Why is the Province allowing Vancouver to design and implement the tax?

It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.

While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

12. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to have the opportunity to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.

After that, if there is general interest from other municipalities, legislative change could be discussed further.

Consumer Protection

- The Independent Advisory Group (IAG) established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016.
- The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.
- The amendments that are proposed to the Real Estate Services Act are intended to restore consumer confidence by increasing transparency and fairness in the real estate sector.
- These changes will help protect British Columbians when they are making the one of the largest investments of their lives – purchasing a home.
- The Province is ending self-regulation of the real estate industry and substantially implementing the key recommendations of the Independent Advisory Group's report.
- The amendments also significantly increase the Superintendent of Real Estate's authority and oversight.

13. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

14. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

15. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

16. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

Monday Media Avail at the Leg

Back Lawns of the Legislature, West of Water Fountain.
Victoria, B.C.

Date:	July 25th, 2016	Arrival Time:	10:40 AM
Podium:	Yes – Action on Affordable Housing British Columbians First	Dress:	Business – Sturdy shoes as the event is on the grass

Event Summary: Premier and Minister De Jong to host a media avail following QP
Action/Visual: Premier and Minister speaking with the media
Venue Audience: Premier, Minister De Jong, Parliamentary Media and Media on the line
MLAs attending: Hon. Mike De Jong, Minister of Finance
Additional VIP's:
Media Relations: Ben Chin / Stephen Smart / Karen Van Marum

Time	Event Itinerary
10:40 AM	Premier and Minister De Jong are met at West Annex by Anish Dwivedi and provided a briefing
10:43 AM	Premier and Minister proceed to the event site. (Back of the legislature, West of the fountain in between the two large trees)
10:45 AM	Premier delivers brief remarks and calls Minister De Jong to the podium
10:48 AM	Minister De Jong provides his remarks
10:50 AM	Moderator via moderator mic calls the Premier back to the podium and opens up Qs & As
10:51 AM	Q & A Note: Minister to step in as required. Dial in information below.
11:00 AM	Q & A concludes.
11:01 AM	Premier and Minister make their way back to West Annex.

Contacts

Anish Dwivedi, BC Government, 778-875-9129

Dial in information:

Dial in #: 604-681-0260 or 1-877-353-9184

Speakers Pass Code: s.15 (ONLY TO BE USED BY AV)

Participants pass code: 22352#

Keirstead, Zoe FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 11, 2016 9:39 AM
To: Keirstead, Zoe FIN:EX
Subject: Fwd: KM and QA - Monday.docx
Attachments: KM and QA - Monday.docx; ATT00001.htm

Please read through this

Brian Menzies, MA
Chief of Staff to
The Honourable Michael de Jong
Minister of Finance & House Leader
Government of British Columbia
Canada
Cell 250-882-0679

Begin forwarded message:

From: "Edwardson, Jamie GCPE:EX" <Jamie.Edwardson@gov.bc.ca>
Date: July 11, 2016 at 5:31:19 AM PDT
To: "Menzies, Brian FIN:EX" <Brian.Menzies@gov.bc.ca>, "Miniaci, Mario FIN:EX" <Mario.Miniaci@gov.bc.ca>
Subject: KM and QA - Monday.docx

I did up some bullets and Q&A for today for consideration and use. This version is for the minister, I'll cut it down for circulation.

"We will act to protect British Columbians when they are making one of their most important family investments – purchasing a home."

- Premier Christy Clark



A message from your BC Liberal MLAs

KM and QA – Housing/Real Estate – Monday

ISSUE: Government announces summer sitting of legislature to introduce measures that enable Vancouver vacant homes tax and support consumer protection by ending self-regulation in real estate industry.

KEY MESSAGES:

- The City of Vancouver recently proposed suggestions to address a problem of concern to many British Columbians, particularly inhabitants of the city of Vancouver as it relates to housing: the availability of rental accommodation within the City of Vancouver.
- When I met Mayor Robertson, I committed that the province and the city would work together quickly, in the space of a few weeks, to find ways to enable the city of Vancouver to implement the vacant home tax that city council has called for.
- City and provincial officials have over the past two weeks discussed what would be necessary for a system that works for the city and the province and, most importantly, for taxpayers and homeowners. They have also discussed the necessary next steps that are required to enable the city's desire to implement and administer a tax structure on the city's desired timelines.
- Today, the government will inform the Speaker of our intention to recall the legislature on July 25, to put in place legislation that will enable the work the city and the province will undertake on this measure.
- Amendments will be proposed to the Vancouver Charter that will enable the city to establish and administer a tax on vacant homes, in a way that creates an incentive for owners to offer long-term rentals – and thereby increase the availability of rental accommodation in the City of Vancouver.
- The amendments will create the framework for the vacancy tax – the actual details and mechanics of the tax is work still needs to be undertaken. But if Vancouver is to have this structure in place in the coming year, the enabling provisions must be established in the Vancouver Charter as early as possible so the work can be undertaken with confidence.

RECBC amendments

- Recalling the legislature also affords us the opportunity to address a number of the recommendations made by the Independent Advisory Group to the Real Estate Council of BC.
- In response to the report, Government announced we would end self-regulation, strengthen the role of the superintendent of real estate, and address the recommendations.

- Immediately on receiving the report, we established an implementation team that has worked swiftly to end self-regulation and prepare the legislative and operational changes, including the additional powers of oversight and authority for the Superintendent.
- We have the necessary legislative amendments ready for implementation, and we believe it is urgent and important to bring them forward at the earliest opportunity.
- Foremost among these will be the amendments to change the composition of the council itself, which ends self-regulation, and to establish the broad powers and oversight the superintendent of real estate requires to restore public confidence and protect consumers.
- While this work is underway, the Real Estate Council continues its mandate to receive complaints and to launch investigations into practices that harm consumers and damage the industry.

VALUE STATEMENTS

- As the premier has said, we are making a determined effort that includes all levels of government to make sure that we preserve the dream of owning a home and keeping it within reach of the middle class.
- The measures we will introduce will help protect consumers from shady practices. Particularly in a fast rising market when greed takes over, we want to make sure the consumers are protected.
- We have to make sure that people who are in a position to rent and want to find a home can find one. That means increasing the number of rental units that are available, especially in Vancouver, but all over the Lower Mainland.
- The steps we are taking build on the changes we introduced in the budget, which are delivering savings of up to \$13,000 for buyers of newly built homes priced up to \$750,000. More than 3,000 families have taken advantage of that savings so far. Many, many more families will have the opportunity to benefit from these savings, as we also want to continue working with local governments to help bring new homes to market.
- Currently there are some 108,000 or more homes in the process of local government approval, and we want to engage with municipalities to find collaborative ways to bring this supply of homes forward for families in our communities.
- There is more action we will take in the coming weeks and months to help ensure the dream of home ownership can be accessible to families in our communities. We will be using these 6

principles to guide us in decisions we make to address the housing affordability in the Lower Mainland:

- Ensuring the dream of home ownership remains within the reach of the middle class
- Increasing housing supply
- Smart transit expansion
- Supporting first-time home buyers
- Ensuring Consumer Protection
- Increasing rental supply

Qs AND As

- 1. The City of Vancouver called on the province to administer the tax, saying it would be more efficient – will the province be administering this tax?**

When I met with Mayor Robertson, we discussed that the province would be in a position to provide the enabling authority for the City of Vancouver to implement and administer the tax. The city is best positioned to carry out this work, being closest to the citizens affected.

- 2. Will the measures you're establishing in the Vancouver Charter be applicable to other communities?**

The changes we're making apply to the Vancouver Charter, which is separate and distinct from the Community Charter that applies to other local governments in the process. The statutes operate differently, but what we learn by enabling Vancouver's proposal may be something we can learn from and apply to other municipalities in the future, should they request similar authority. I would suggest this is like a pilot project that we and Vancouver can pursue, and others may learn from it. It's something to consider for the future.

s.13

- 4. Will the legislative changes implement all the recommendations of the Independent Advisory Group?**

The report made seven recommendations of government. In our response we went even further to end self-regulation by the industry and further enhance the authority and oversight of the Superintendent. The changes we are making respond to the recommendations made to

government. They provide the authority for the Superintendent to implement and oversee most of the rest.

There are also a number of recommendations that will remain within the mandate and responsibility of the Real Estate Council. Those recommendations are also being addressed by the implementation team. Government will be appointing a dedicated superintendent of real estate to oversee the implementation of the recommendations.

- 5. Opposition and the Auditor General has criticized your government for not adequately funding and staffing FICOM in general and the Superintendent of Real Estate in particular. Will you provide the funding needed to carry out the broader responsibilities?**

We are making some significant changes to the oversight and authority of the Superintendent. First, we are establishing a dedicated Superintendent of Real Estate. Second, we are establishing a separate position of Superintendent of Financial Institutions/Superintendent of Pensions/Registrar of Mortgage Brokers to oversee those important financial sectors. We will also be taking steps to ensure the staff in these offices and the Financial institutions commission have the resources they need to undertake their roles.

s.13

- 7. The data you're collecting suggests you're starting to focus your attention on foreign buyers. But even if you implement some form of tax on foreign buyers, you still wouldn't be stopping money from coming in from abroad through permanent residents, who use that money to buy homes and drive up prices. So that tax would only address a small part of the problem – 5% of the problem, according to your own numbers. Why not deal with the other side of the equation?**

There are already mechanisms in place to track the inflows of currency – the federal government runs Fintrac, the Canada Revenue Agency, the Canadian Border Services Agency, and the RCMP. Those agencies collaborate to monitor and investigate currency transactions both from abroad and within our financial system. The Office of the Superintendent of Financial Institutions, which regulates the national banks, last week announced it is toughening its expectations and scrutiny of mortgage lending — including income verification for loans.

When Finance Minister Morneau was in Vancouver recently, we spoke about the need to work together between the federal, provincial, and city governments to address housing, particularly when it comes to sharing information. He established a working group that we are actively supporting.

So there is a great deal of work happening to address the concerns, but all of this conversation is only looking at one side of the equation. We also need to be very careful to remember that the freedoms we love and that make our country a desirable place to live cannot be casually thrown overboard.

Keirstead, Zoe FIN:EX

From: Keirstead, Zoe FIN:EX
Sent: Tuesday, July 12, 2016 10:22 AM
To: Shiff, Alexander ENV:EX
Subject: KM - Announcement
Attachments: KM and QA - July 11 - DRAFT.docx

Hey Alex,

Please see the attached KMs and Q&A.

Zoe

KM and QA – Housing/Real Estate -- Monday

ISSUE: Government announces summer sitting of legislature to introduce measures that enable Vancouver vacant homes tax and support consumer protection by ending self-regulation in real estate industry.

KEY MESSAGES:

- The City of Vancouver recently proposed suggestions to address a problem of concern to many British Columbians, particularly inhabitants of the city of Vancouver as it relates to housing: the availability of rental accommodation within the City of Vancouver.
- The Province committed that we would work quickly with city officials to find ways to enable the city of Vancouver to implement the vacant home tax that city council has called for.
- City and provincial officials have over the past two weeks discussed what would be necessary for a system that works for the city and the province and, most importantly, for taxpayers and homeowners. They have also discussed the necessary next steps that are required to enable the city's desire to implement and administer a tax structure on the city's desired timelines.
- The government has informed the Speaker of our intention to recall the legislature on July 25, to put in place legislation that will enable the work the city and the province will undertake on this measure.
- Amendments will be proposed to the Vancouver Charter that will enable the city to establish and administer a tax on vacant homes, in a way that creates an incentive for owners to offer long-term rentals – and thereby increase the availability of rental accommodation in the City of Vancouver.
- The amendments will create the framework for the vacancy tax – the actual details and mechanics of the tax is work that still needs to be undertaken. But if Vancouver is to have this structure in place in the coming year, the enabling provisions must be established in the Vancouver Charter as early as possible so the work can be undertaken with confidence.

RECBC amendments

- Recalling the legislature also affords us the opportunity to address a number of the recommendations made by the Independent Advisory Group to the Real Estate Council of BC.
- In response to the report, Government announced we would end self-regulation, strengthen the role of the superintendent of real estate, and address the recommendations.

- Immediately on receiving the report, we established an implementation team that has worked swiftly to end self-regulation and prepare the legislative and operational changes, including the additional powers of oversight and authority for the Superintendent.
- We have the necessary legislative amendments ready for implementation, and we believe it is urgent and important to bring them forward at the earliest opportunity.
- Foremost among these will be the amendments to change the composition of the council itself, which ends self-regulation, and to establish the broad powers and oversight the superintendent of real estate requires to restore public confidence and protect consumers.
- While this work is underway, the Real Estate Council continues its mandate to receive complaints and to launch investigations into practices that harm consumers and damage the industry.

VALUE STATEMENTS

- As the premier has said, we are making a determined effort that includes all levels of government to make sure that we preserve the dream of owning a home and keeping it within reach of the middle class.
- The measures we will introduce will help protect consumers from shady practices. Particularly in a fast rising market when greed takes over, we want to make sure the consumers are protected.
- We have to make sure that people who are in a position to rent and want to find a home can find one. That means increasing the number of rental units that are available, especially in Vancouver, but all over the Lower Mainland.
- The steps we are taking build on the changes we introduced in the budget, which are delivering savings of up to \$13,000 for buyers of newly built homes priced up to \$750,000. More than 3,000 families have taken advantage of that savings so far. Many, many more families will have the opportunity to benefit from these savings, as we also want to continue working with local governments to help bring new homes to market.
- Currently there are some 108,000 or more homes in the process of local government approval, and we want to engage with municipalities to find collaborative ways to bring this supply of homes forward for families in our communities.
- There is more action we will take in the coming weeks and months to help ensure the dream of home ownership can be accessible to families in our communities. We will be using these 6

principles to guide us in decisions we make to address the housing affordability in the Lower Mainland:

- Ensuring the dream of home ownership remains within the reach of the middle class
- Increasing housing supply
- Smart transit expansion
- Supporting first-time home buyers
- Ensuring Consumer Protection
- Increasing rental supply

Qs AND As

- 1. The City of Vancouver called on the province to administer the tax, saying it would be more efficient – will the province be administering this tax?**

When the Finance Minister met with Mayor Robertson, we discussed that the province would be in a position to provide the enabling authority for the City of Vancouver to implement and administer the tax. The city is best positioned to carry out this work, being closest to the citizens affected.

- 2. Will the measures you're establishing in the Vancouver Charter be applicable to other communities?**

The changes we're making apply to the Vancouver Charter, which is separate and distinct from the Community Charter that applies to other local governments in the process. The statutes operate differently, but what we learn by enabling Vancouver's proposal may be something we can learn from and apply to other municipalizes in the future, should they request similar authority. I would suggest this is like a pilot project that we and Vancouver can pursue, and others may learn from it. It's something to consider for the future.

s.13

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s.13

Keirstead, Zoe FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 7:36 AM
To: Chandler, Penelope E FIN:EX; Edwardson, Jamie GCPE:EX; Keirstead, Zoe FIN:EX; McLachlin, Jessica GCPE:EX; Menzies, Brian FIN:EX; Miniaci, Mario FIN:EX; Snider, Marty C FIN:EX
Subject: NR_Housing Bill_25July16_FINAL DRAFT
Attachments: NR_Housing Bill_25July16_FINAL DRAFT.docx
Categories: Jamie

Updated time stamp for version control.

DRAFT NEWS RELEASE

For Immediate Release
{release number}
[DRAFT JULY 25 7:30AM]

Ministry of Finance

Action on foreign investment, consumer protection and vacancy puts British Columbians first

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Bill 28, Miscellaneous Statutes (Housing Priority Initiatives) Amendment Act, 2016, was introduced in the legislature today.

“Owning a home should be accessible to middle-class families, and those who are in a position to rent should be able to find a suitable home,” Premier Christy Clark said. “These changes are about helping making sure that British Columbians can continue to live, work and raise their families in our vibrant communities.” [APPROVED]

An additional property transfer tax rate of 15% will apply to purchasers of residential real estate who are foreign nationals or foreign-controlled corporations. The additional tax will take effect Aug. 2, 2016, and will apply to foreign entities registering their purchase of residential property in the Greater Vancouver Regional District, excluding the treaty lands of the Tsawwassen First Nation. For mixed-use property, the additional tax would apply on the residential component of the foreign interest in a property. For example, the additional tax on the purchase of a home valued at \$2 million will amount to \$300,000.

“The data we started collecting earlier this summer is showing that foreign nationals invested more than \$1 billion into B.C. property between June 10 and July 14, more than 86% of it in the Lower Mainland,” said Finance Minister Michael de Jong. “While investment from outside Canada is only one factor driving price increases, it represents an additional source of pressure on a market struggling to build enough new homes to keep up. This additional tax on foreign purchases will help manage foreign demand while new homes are built to meet local needs.”

Second, the government is creating a new Housing Priority Initiatives Fund for provincial housing and rental programs, which will be announced in the near future. The fund will receive an initial investment of \$75 million. It will receive a portion of revenues from the property transfer tax, including revenues from the new additional tax on foreign buyers.

Third, the Province is amending the Real Estate Services Act to substantially implement the key recommendations of the Independent Advisory Group report, and to end self-regulation of the real estate industry. Government has accepted all the recommendations in the report. These changes will increase significantly the Superintendent of Real Estate’s authority and oversight. The power to make the rules that apply to the conduct of licensees will rest with the new Superintendent of Real Estate instead of with Council. The new Superintendent will also have

the authority to direct and oversee Council operations, including requiring Council to investigate a particular matter, issue a notice of a disciplinary hearing, and provide reports on the operations and activities of Council to the Superintendent. As well, the Chair, vice-Chair and all other members of the Council will be appointed by government.

“We need to ensure that when people are ready to make such an important investment, the proper protections and oversight are in place,” said de Jong. “Consumers must be confident their interests are held above all else.”

Fourth, amendments to the Vancouver Charter provide the legislative authority for the city to implement and administer a tax on vacant homes. The City of Vancouver will design the framework of the vacancy tax, including details like the tax rate, when it will apply and any necessary exemptions.

[APPROVED] “The issue of housing supply and affordability is impacting British Columbians and the livability of our Province, especially the Metro Vancouver region,” said Minister Peter Fassbender. “The City of Vancouver has identified the need for a vacancy tax in order to meet rental supply issues. We are taking action by introducing legislation today that enables them to do this work.”

The Province is working on additional measures to address the complex causes of rising housing prices in Metro Vancouver, as well as other regions of the province. This work focuses on ensuring the dream of home ownership remains within the reach of the middle class, increasing housing supply, smart transit expansion, supporting first-time home buyers, strengthening consumer protection, and increasing rental supply.

Media Contact:

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

BACKGROUND

Additional property transfer tax for foreign entities

Effective August 2, 2016, foreign nationals, taxable trustees and foreign-controlled corporations registering their purchase of residential property in the Greater Vancouver Regional District will pay an additional 15% tax on the residential component of the foreign interest in a property. The tax does not apply within the treaty lands of the Tsawwassen First Nation.

The additional tax presently only applies in the Greater Vancouver Regional District, but government can prescribe in regulation other areas where the additional tax would apply. The Province continues to monitor data on foreign investment and foreign ownership in B.C.'s real estate market.

Application

A trustee will be subject to the additional tax if the trustee is a foreign entity, or if at least one beneficiary of the trust is a foreign entity. Similarly, a corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

The additional tax will only apply to the portion of a property's value that is for residential use. For example, if a foreign corporation purchases a mixed-use development that combines residential space with commercial space, the additional 15% tax will apply only to the portion of the property's value that is for residential use.

Enforcement

Audit measures already in place for the property transfer tax will be extended to encompass the additional tax. Additional auditors will be required and the process is underway to begin recruitment to ensure the additional tax is paid by those required to do so under the legislation.

The amendments extend the limitation period for audit and enforcement of the additional tax to six years. The existing limitation period for the regular tax is one year. The property transfer tax return form will be updated to require a Social Insurance Number from all transferees who are Canadian Citizens or permanent residents. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Avoidance Rules

The amendments include anti-avoidance rules designed to capture transactions that are specifically structured to avoid the tax. For example, a transferee who would otherwise be taxable cannot hide behind a local trustee. The legislation is structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not foreign.

Increased Penalties

Fines payable as a result of offences with respect to the additional tax are the amount of unpaid tax, with interest, plus up to \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

BACKGROUND 2

Strengthening consumer protection and restoring consumer confidence

The Independent Advisory Group established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016. The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.

The report made 28 primary recommendations to enhance governance, oversight, transparency and accountability to consumers. The Province accepted the report's recommendations, and is taking the additional steps of ending self-regulation of the industry and dramatically increasing the Superintendent of Real Estate's oversight and authority.

The following amendments are proposed to the Real Estate Services Act in response to the recommendations of the Independent Advisory Group:

- Increase maximum disciplinary and administrative penalties (recommendation #16)
- Allow for commissions from licensees and brokerages engaging in misconduct to be taken back to the Real Estate Council. (recommendation #17)
- Require all members of Council to be appointed by government (expansion of recommendation #19)
- Significantly increase the Superintendent's oversight of Council (recommendation #21)
- Allow owners to train and supervise licensees only if owners are themselves licensees (response to recommendation #23)

The amendments provide the Superintendent of Real Estate with the exclusive rule-making powers that previously rested with the Real Estate Council.

The Superintendent of Real Estate has been given explicit authority in the following areas, to address the recommendations of the IAG:

- Establish a Code of Ethics (recommendation #1)
- Prohibit licensees from offering dual agency and require licensees to provide information to unrepresented parties (recommendation #2)
- Establish standards of conduct and business practices for licensees (response to recommendations #3, #4, #9, #11)
- Establish conditions and restrictions on a licensee acquiring an interest in trade (recommendation #7, #8)
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- Require licensees to keep records and report information to Council (recommendation #24)

The recommendations respecting authority over unlicensed activity, which remains with the Superintendent of Real Estate, and the extension of contract assignment rules to transactions

not involving licensees require further analysis by government, the Superintendent and the Real Estate Council of B.C. (recommendations #6, #20).

Other recommendations do not require any additional authority and plans for their implementation are underway (recommendations #5, #10, #12, #13, #14, #15, #18, #25, #26, #27, #28).

Keirstead, Zoe FIN:EX

From: Edwardson, Jamie GCPE:EX
Sent: Monday, July 25, 2016 9:58 AM
To: Keirstead, Zoe FIN:EX; Miniaci, Mario FIN:EX; Menzies, Brian FIN:EX; Chandler, Penelope E FIN:EX
Subject: Fw: Approved and the Final - PREM/FIN NR + 2 BGs - Action on foreign investment, consumer protection and vacancy puts British Columbians first
Attachments: 2016PREM0080-001346.pdf
Categories: Jamie

Sent from my BlackBerry 10 smartphone on the TELUS network.

Original Message

From: Stagg, Linda R GCPE:EX <Linda.Stagg@gov.bc.ca>

Sent: Monday, July 25, 2016 9:55 AM

To: Edwardson, Jamie GCPE:EX

Cc: Zoeller, Sonja GCPE:EX; Williams, Susan GCPE:EX; Boudreau, Marc GCPE:EX; Carruthers, Dana GCPE:EX; Chant, Jon GCPE:EX; Kerr, Grant GCPE:EX; Smart, Stephen PREM:EX; Merrifield, Katy PREM:EX; Dolan, Chelsea PREM:EX; Kay, Maclean PREM:EX

Subject: FW: Approved and the Final - PREM/FIN NR + 2 BGs - Action on foreign investment, consumer protection and vacancy puts British Columbians first

Here is your Final with its queue number.

I'll get this all set for as-it-happens, hair-trigger release.

We will await Jamie's signal to push the buttons.

Linda Stagg

Editor

Government Communications and Public Engagement

250 387-4534

-----Original Message-----

From: Stagg, Linda R GCPE:EX [mailto:Linda.Stagg@gov.bc.ca]

Sent: Monday, July 25, 2016 9:54 AM

To: Stagg, Linda R GCPE:EX

Subject: Action on foreign investment, consumer protection and vacancy puts British Columbians first

Please refer to the files attached to this email. The following is the summary of the News Release

Permalink: <https://news.gov.bc.ca/11615>

News ID: NEWS-11615

NR Number: 2016PREM0080-001346

NR Type: News Release

State: Planned

Planned Release Date: July 25, 2016 at 10:30 am Lead Organization: Office of the Premier

Headline: Action on foreign investment, consumer protection and vacancy puts British Columbians first

This email was auto-generated.

For Immediate Release

2016PREM0080-001346

July 25, 2016

Office of the Premier

Ministry of Finance

NEWS RELEASE

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Learn More:

Learn more about the proposed changes to the property transfer tax:

<http://www2.gov.bc.ca/assets/download/EF32791C743F418FA754D619308FC2CE>

Two backrounders follow.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

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Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

Connect with the Province of B.C. at: www.gov.bc.ca/connect

NEWS RELEASE

For Immediate Release
2016PREM0080-001346
July 25, 2016

Office of the Premier
Ministry of Finance

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Learn More:

Learn more about the proposed changes to the property transfer tax:

<http://www2.gov.bc.ca/assets/download/EF32791C743F418FA754D619308FC2CE>

Two backgrounders follow.

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

Connect with the Province of B.C. at: www.gov.bc.ca/connect

BACKGROUND 1

For Immediate Release
2016PREM0080-001346
July 25, 2016

Office of the Premier
Ministry of Finance

Additional property transfer tax for foreign entities

Effective Aug. 2, 2016, foreign nationals, taxable trustees and foreign-controlled corporations registering their purchase of residential property in Metro Vancouver will pay an additional 15% tax on the residential component of the foreign interest in a property. The tax does not apply within the treaty lands of the Tsawwassen First Nation.

The additional tax presently only applies in the Metro Vancouver, but government can prescribe in regulation other areas where the additional tax would apply. The Province continues to monitor data on foreign investment and foreign ownership in B.C.'s real estate market.

Application:

A trustee will be subject to the additional tax if the trustee is a foreign entity, or if at least one beneficiary of the trust is a foreign entity. Similarly, a corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

The additional tax will only apply to the portion of a property's value that is for residential use. For example, if a foreign corporation purchases a mixed-use development that combines residential space with commercial space, the additional 15% tax will apply only to the portion of the property's value that is for residential use.

Enforcement:

Audit measures already in place for the property transfer tax will be extended to encompass the additional tax. Additional auditors will be required and the process is underway to begin recruitment to ensure the additional tax is paid by those required to do so under the legislation.

The amendments extend the limitation period for audit and enforcement of the additional tax to six years. The existing limitation period for the regular tax is one year. The property transfer tax return form will be updated to require a Social Insurance Number from all transferees who are Canadian Citizens or permanent residents. Invalid social insurance numbers or other discrepancies on a return will lead to an audit and investigation of the transaction.

Avoidance Rules:

The amendments include anti-avoidance rules designed to capture transactions that are specifically structured to avoid the tax. For example, a transferee who would otherwise be taxable cannot hide behind a local trustee. The legislation is structured to look through

Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not foreign.

Increased Penalties:

Fines payable as a result of offences with respect to the additional tax are the amount of unpaid tax, with interest, plus up to \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

Media Contacts:

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Press Secretary
Office of the Premier
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Jamie Edwardson
Communications Director
Ministry of Finance
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BACKGROUND 2

For Immediate Release
2016PREM0080-001346
July 25, 2016

Office of the Premier
Ministry of Finance

Strengthening consumer protection and restoring consumer confidence

The independent advisory group established by the Real Estate Council of B.C. released its report into regulation of the real estate industry on June 28, 2016. The report presented a comprehensive examination of real estate practices and raised important questions about the effectiveness of the existing regulatory framework for the industry.

The report made 28 primary recommendations to enhance governance, oversight, transparency and accountability to consumers. The Province accepted the report's recommendations, and is taking the additional steps of ending self-regulation of the industry and dramatically increasing the superintendent of real estate's oversight and authority.

The following amendments are proposed to the Real Estate Services Act in response to the recommendations of the independent advisory group:

- Increase maximum disciplinary and administrative penalties (recommendation #16).
- Allow for commissions from licensees and brokerages engaging in misconduct to be taken back to the Real Estate Council. (recommendation #17).
- Require all members of council to be appointed by government (expansion of recommendation #19).
- Significantly increase the superintendent's oversight of council (recommendation #21).
- Allow owners to train and supervise licensees only if owners are themselves licensees (response to recommendation #23).

The amendments provide the superintendent of real estate with the exclusive rule-making powers that previously rested with the Real Estate Council.

The superintendent of real estate has been given explicit authority in the following areas, to address the recommendations of the IAG:

- Establish a Code of Ethics (recommendation #1).
- Prohibit licensees from offering dual agency and require licensees to provide information to unrepresented parties (recommendation #2).
- Establish standards of conduct and business practices for licensees (response to recommendations #3, #4, #9, #11).
- Establish conditions and restrictions on a licensee acquiring an interest in trade (recommendation #7, #8).
- Strengthen requirements for managing brokers to have active and direct oversight over licensees (recommendation #22).
- Require licensees to keep records and report information to Council (recommendation #24).

The recommendations respecting authority over unlicensed activity, which remains with the superintendent of real estate, and the extension of contract assignment rules to transactions not involving licensees require further analysis by government, the superintendent and the Real Estate Council of B.C. (recommendations #6, #20).

Other recommendations do not require any additional authority and plans for their implementation are underway (recommendations #5, #10, #12, #13, #14, #15, #18, #25, #26, #27, #28).

Media Contacts:

Stephen Smart
Press Secretary
Office of the Premier
778 389-6202

Jamie Edwardson
Communications Director
Ministry of Finance
250 356-2821

Connect with the Province of B.C. at: www.gov.bc.ca/connect

Keirstead, Zoe FIN:EX

From: Keirstead, Zoe FIN:EX
Sent: Monday, July 25, 2016 1:44 PM
To: Edwardson, Jamie GCPE:EX
Subject: Fwd: Issue Alert: Housing Priority Initiatives Amendment Act
Attachments: MLA KMs and QAs Housing Bill_22Jul16_FINAL.DOCX; Information Sheet 2016-006 Additional PTT on Residential Property Transf....docx; Housing NR - July 25 - Final.docx

Zoe Keirstead
Executive Assistant to the Minister of Finance

Begin forwarded message:

From: "Ellithorpe, Rosa" <Rosa.Ellithorpe@leg.bc.ca>
Subject: Issue Alert: Housing Priority Initiatives Amendment Act

Please see the attached package of information for MLAs regarding the housing measures introduced this morning. Attached you will find:

- Key messages and a Q&A
- An information sheet
- The news release from the Ministry of Finance

Please also find attached a number of graphics to accompany social media posts today.

Suggested tweets

Our BC Liberal Gov't believes middle-class home ownership should be more affordable #bcpoli
<http://bit.ly/29ZTIJZ> [graphic]

Our BC Liberal Gov't wants to ensure home ownership is within reach for BC families #bcpoli
<http://bit.ly/29ZTIJZ> [graphic]

Today's legislation creates new measures to help make home ownership more affordable #bcpoli
<http://bit.ly/29ZTIJZ> [graphic]

Suggested Facebook posts

Today, our BC Liberal Government is taking further steps to help keep the dream of home ownership within reach of middle-class families, and ensure that those who are in a position to rent are able to find a suitable home. Learn more: <http://bit.ly/29ZTIJZ>

Today, our BC Liberal Government introduced legislation to make home ownership more

affordable, establish a fund for market housing and rental initiatives, strengthen consumer protection, and give the City of Vancouver the tools it requested to increase rental property supply. Learn more: <http://bit.ly/29ZTIJZ>

Our Government is making sure that purchasing a home in our beautiful province, one of the most important investments that a person makes for themselves and their family, is protected and fair. Learn more: <http://bit.ly/29ZTIJZ>

Rosa Ellithorpe
Manager, Communications & Issues Management
Government Caucus
250-818-9987



Keirstead, Zoe FIN:EX

From: Yamamoto,MLA, Naomi <Naomi.Yamamoto.MLA@leg.bc.ca>
Sent: Monday, July 25, 2016 2:31 PM
To: Keirstead, Zoe FIN:EX
Subject: FW: What is going on with the new tax!!!

Categories: DONE, Called

Hi Zoe,

I assume you're getting inundated with requests for messaging re the new proposed legislation? Here's another....

Appreciated,

Judy Simonite | Constituency Assistant
Honourable Naomi Yamamoto, MLA
North Vancouver - Lonsdale
5 - 221 West Esplanade
North Vancouver, B.C.
P: 604.981.0033 | F: 604.981.0044
www.naomiyamamoto.mla.bc.ca
Work days: Mon, Thur, Fri.

From: s.22
Sent: July 25, 2016 1:10 PM
To: Yamamoto,MLA, Naomi <Naomi.Yamamoto.MLA@leg.bc.ca>
Subject: What is going on with the new tax!!!

Hi Naomi,

I am deeply concerned about the 15% surcharge tax that the government would like to implement on foreign buyers.^{s.22} I am very worried that I will lose all my equity in my house. I thought the Liberal government promised us that it will protect the equity of home owners. How can the government introduce such a policy that may ruin our financial health all of a sudden?

I have been supporting the Liberal party.^{s.22} I am not sure whether I will continue to do so even though NDP is not my cup of tea.

Regards,

s.22

Keirstead, Zoe FIN:EX

From: Keirstead, Zoe FIN:EX
Sent: Monday, July 25, 2016 2:41 PM
To: Fassbender.MLA, Peter LASS:EX
Subject: FW: Issue Alert: Housing Priority Initiatives Amendment Act
Attachments: Housing 1.png; Housing 2.png; Housing 3.png; MLA KMs and QAs Housing Bill_22Jul16_FINAL.DOCX; Information Sheet 2016-006 Additional PTT on Residential Property Transf....docx; Housing NR - July 25 - Final.docx

Hi Effie,

Please see below as discussed.

Thank you,

Zoe

From: Ellithorpe, Rosa [<mailto:Rosa.Ellithorpe@leg.bc.ca>]
Sent: Monday, July 25, 2016 10:47 AM
Subject: Issue Alert: Housing Priority Initiatives Amendment Act

Please see the attached package of information for MLAs regarding the housing measures introduced this morning. Attached you will find:

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Rosa Ellithorpe

Manager, Communications & Issues Management

Government Caucus

250-818-9987

Keirstead, Zoe FIN:EX

From: Keirstead, Zoe FIN:EX
Sent: Monday, July 25, 2016 2:44 PM
To: Yamamoto, MLA, Naomi LASS:EX
Subject: FW: Issue Alert: Housing Priority Initiatives Amendment Act
Attachments: Housing 1.png; Housing 2.png; Housing 3.png; MLA KMs and QAs Housing Bill_22Jul16_FINAL.DOCX; Information Sheet 2016-006 Additional PTT on Residential Property Transf....docx; Housing NR - July 25 - Final.docx

Hi Judy,

As discussed please see below and attached.

Please let me know if you have any other concerns.

Thank you,

Zoe

From: Ellithorpe, Rosa [<mailto:Rosa.Ellithorpe@leg.bc.ca>]
Sent: Monday, July 25, 2016 10:47 AM
Subject: Issue Alert: Housing Priority Initiatives Amendment Act

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Rosa Ellithorpe

Manager, Communications & Issues Management
Government Caucus
250-818-9987

Keirstead, Zoe FIN:EX

From: Keirstead, Zoe FIN:EX
Sent: Monday, July 25, 2016 6:08 PM
To: Sandur, Parveen CSCD:EX
Subject: Housing Q&A
Attachments: Q&A Housing.docx

Hi Parveen,

Please see attached. Let me know if you have any further questions.

Have a great evening!

Zoe Keirstead | Executive Assistant to the Honourable Michael De Jong

Office of the Minister of Finance & House Leader

T: 250.356.7877 | **F:** 250.387.5594

Questions and Answers
Housing Bill
July 24, 2016 – 5:30am

Additional Property Transfer Tax – Rules/Technical

1. What is this new tax?

The additional property transfer tax applies to residential property when the title is transferred to a foreign national, a taxable trustee and certain corporations. The amount of the additional tax is 15% of the fair market value of the residential property.

The tax applies if the residential property is in the Greater Vancouver Regional District (GVRD – Metro Vancouver) and is payable at the time of registration at a land title office. The tax is effective August 2, 2016.

How does the additional tax work?

The additional tax applies in addition to the current Property Transfer Tax. For example, if a foreign entity buys a residential property in Metro Vancouver with a fair market value of \$2.5 million, the following tax would apply:

Property Transfer Tax: \$53,000 (including \$15,000 from the new 3% rate)
Additional Property Transfer Tax: \$375,000
Total: \$428,000

2. In which situations would a trustee be liable for the additional tax?

A trustee would be liable if the trustee is a foreign entity, or if a beneficiary of the trust is a foreign entity.

3. In which situations would a corporation be liable for the additional tax?

A corporation would be liable if it is not incorporated in Canada, or if the corporation is incorporated in Canada but is controlled by foreign entities.

4. How will you enforce the tax considering the number of transactions each year? How many auditors would be needed?

Audit measures are already in place for the program and these will be extended to encompass the additional tax to ensure that it is paid by those who are required to do so under the legislation. Additional auditors will be required and the process is already underway to begin the recruitment.

The Act already contains extensive audit and investigation powers and we have extended the limitation period for audit and enforcement of this additional tax to six years while the limitation period for the regular tax is one year.

5. Doesn't this still leave a back door for foreigners to have citizen or permanent-resident proxies buy local property, thus avoiding the tax?

No – Changes to the Property Transfer Tax form and new anti-avoidance rules will help catch transactions structured to avoid the tax in an audit.

Collecting the Social Insurance Number for any Canadian Citizen or Permanent Resident transferee is now mandatory on the PTT return and lawyers are being advised they must confirm the number for accuracy against other government issued identification such as a Canadian passport. The Province is introducing and will be enforcing stringent non-compliance penalties. In addition they will be monitoring businesses and individuals filing incomplete or incorrect general or additional PTT returns.

Processes are already in place to verify that a Social Insurance Number is valid. Invalid numbers or other discrepancies on a return will lead to further audit and investigation of the transaction.

All property transfer transactions are subject to audit and all additional property transfer tax returns will be reviewed and verified. The audit period is six years from the date the transfer is registered at the Land Title Office.

Anti-avoidance provisions exist and will be enforced to ensure all foreign entities report and pay the additional tax as required, including examining circumstances where Canadians hold property in trust for a foreign entity or are trustees where a beneficiary may be a foreign entity.

Failure to pay the additional tax as required or purposely completing the general or additional property transfer tax return with incorrect or misleading information may result in a penalty of the unpaid tax plus interest and a fine of \$200,000 for corporations or \$100,000 for individuals and/or up to two years in prison.

The penalty provisions encompass not just the transferees but anyone who participates in providing incorrect information to avoid the tax.

Property transfers will be monitored for compliance and the province will follow up with those businesses or individuals filing incomplete or incorrect general or additional property transfer tax returns.

6. Can a foreign buyer register a numbered company to avoid paying the tax?

No. If a numbered company is foreign controlled, it is taxable. As well, our anti-avoidance rule is broad enough to catch the transaction even if the numbered company was domestically controlled at the time of the real estate transaction but changed to foreign controlled after the real estate transaction.

7. Who is liable to pay the tax?

All transferees are jointly and severally liable to pay property transfer tax under the existing Act and the additional tax. If one transferee does not pay the required additional tax, the other transferees, including Canadians, must pay that transferee's share of the additional tax payable.

The additional tax applies on the foreign entity's proportionate share of any applicable residential property transfer, even when the transaction may normally be exempt from property transfer tax. This includes such transactions as:

- a transfer between related individuals
- a transfer resulting from an amalgamation
- a transfer to a surviving joint tenant
- a transfer where the transferee is or becomes a trustee in relation to the property, even if the trust does not change

8. What about a transfer of a bare trust – would that allow the tax to be avoided? Now all the foreign money will simply go into bare trust properties rather than market properties. Is there any way to address that?

The amendments are structured to look through Canadian trustees to beneficiaries of the trust as an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

9. You said before there's no incentive to lie on PTT forms – now you've created a big one. How will you be sure people are honest on the form, when the penalties for falsifying the form are dwarfed by the potential tax liability?

The penalties for providing false information with respect to the additional tax are severe. The fine is the amount of unpaid tax, plus interest, and an additional \$200,000 for corporations and \$100,000 for individuals. The maximum liability for imprisonment, two years, remains unchanged.

We are also currently in the process of hiring additional auditors so that we have the resources in place for effective enforcement.

10. Why do you need to look at beneficiaries of a trust?

The look through Canadian trustees to beneficiaries of the trust is an anti-avoidance mechanism. A transferee who would otherwise be taxable cannot hide behind a local trustee. The bill includes provisions to tax a transaction where there is a foreign beneficiary of a trust. If the trustee is foreign, the transaction is taxable even if the beneficiaries are not.

11. What about a foreign owner who already has a property in the GVRD (Metro Vancouver)?

This tax will not affect foreign owners who already have property in the GVRD, except to the extent they wish to sell to foreign buyers or the tax has a cooling effect on the market, reducing the investment return to the owner.

12. What if a foreign entity gets a Canadian to buy and hold residential property for them?

The legal ownership would be with the Canadian, who would not normally be taxable. However under the new amendments if they are holding the land in trust for a foreign entity they become a taxable transferee and are responsible for the payment of the tax. Failure to pay the appropriate amount of tax and purposefully filling out the tax form in a misleading fashion could trigger penalties for both the foreigner and the Canadian.

13. Do I need to claim an exemption or submit the special form if there is no foreign involvement in my purchase?

No. Submitting the form for the additional tax is required only when there is at least one transferee who is a foreign entity or at least one trustee with beneficiaries who are foreign entities. No exemption is needed – without foreign involvement in the purchase, the additional tax does not apply.

14. What if a Canadian from Toronto wants to buy a home in Vancouver?

The buyer from Toronto will pay the general property transfer tax, but not the additional property transfer tax.

15. Why are the treaty lands of the Tsawwassen First Nation excluded at this time?

We have not heard concerns from Tsawwassen First Nation about the influence of foreign purchasers on its development projects. In respect of Tsawwassen First Nation, we did not wish at this time to increase taxes that might apply on their new residential projects. We will consult with Tsawwassen First Nation in the near future.

16. Do I need to pay additional tax when I register the property?

Yes, if the transaction is subject to the additional tax, you must make payment for both the general and additional tax with your general return filed at the time of registration, and mail in the form for the additional tax on the same day.

The additional tax applies on all applicable transfers registered with the Land Title Office on or after August 2, 2016, regardless of when the contract of purchase and sale was entered into.

17. How do I file if there is more than one taxable transferee on the transaction?

Transferees must file a single return for the general tax, including payment for additional tax owed, and submit one form for the additional tax.

18. Why can't I submit my additional tax form electronically?

To implement the additional tax in a timely manner, we require a manual filing of the additional tax form for transferees of residential property in the GVRD who are subject to the tax. At some point next year we will combine the additional tax form with the electronic filing of the general tax.

Additional Property Transfer Tax – Revenue Questions

19. How much revenue do you expect to raise?

It's too soon to judge how the market will respond. We expect some transactions will proceed, paying the tax. Some portion of transactions will be deterred. The data we're collecting will allow us to monitor this and assess the effect of the tax.

See Appendix A at the end of this document for examples of the tax payable on transactions at different values.

20. Will tax revenues be earmarked for government housing programs?

No, the additional tax will not be earmarked to a specific purpose.

However, the government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. Subject to approval by Treasury Board, the fund can receive a portion of revenues from the property transfer tax in the future.

21. Will tax revenues be shared with municipalities in the GVRD?

No. This is a provincial tax. Municipalities will benefit to the extent that the tax curbs undue demand pressure in the housing market.

The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

22. What's the purpose of this tax – to block investment or raise revenues?

The purpose of this tax is to help manage ongoing demand while the market responds by building new homes to meet local demand. By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Even though we are seeing much stronger housing starts since February of this year, it's clear the market and many local governments need more time to deliver enough housing starts to meet the current demand. This measure will help reduce foreign demand from that equation while new homes are being built for local residents. Not every foreign purchaser will necessarily be deterred by the tax.

To the extent that we generate revenue from the tax, the secondary purpose is to raise revenue to fund government priorities, which can include housing-related programs.

23. Based on your June data, if the rate of foreign money doesn't slow down, you stand to reap almost \$500 million per year – what will you do with the money? How will you spend it?

We don't expect the pace of foreign transactions to continue at that pace once the additional tax is in place, but it's too soon to forecast what the effect will be. We will have a better idea in the Second Quarterly Report.

The revenues from this tax will be part of government's general revenues, like all tax revenues. The government is investing \$75 million to start a new Housing Priority Initiatives Fund for provincial housing and rental programs. The fund can receive a portion of revenues from the property transfer tax in the future.

Additional Property Transfer Tax – Political

s.13

s.13

27. Critics have said the issue should not be foreigners, but money that flows from overseas – why are you targeting foreigners?

We have seen from our data that more than \$1 billion into B.C. property between June 10 and July 14, more than 86% of it in the Lower Mainland. That's a significant amount of money at a time of heavily constrained supply. Our focus has long been to find ways to increase the supply of new homes at affordable prices – for example the changes we made to the Property Transfer Tax in Budget 2016. But at the present pace of demand and rising prices, it's clear the market needs some help catching up.

28. Won't this tax impact foreign purchasers who are living and working in B.C. with official permission – such as work visas, visitor visas, etc?

The additional tax applies to all foreign nationals, whether or not they have a visa. If the foreign national were to become a citizen or a permanent resident, the tax would not apply to them. This is about helping manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs.

s.13

- 30. You have consistently said you welcome foreign investment, isn't this tax a reversal of that position? How can you say: we welcome foreign investment, just not in this slice of our economy?**
We certainly do welcome foreign investment and we will continue to profile B.C. and attract business to our province. The purpose of this tax is to help manage ongoing demand in residential real estate while the market responds by building new homes to meet local needs. By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Policy Choices

31. Will this close the bare trust loophole?

Like the general property transfer tax, the additional tax applies to transactions registered in our Land Title Office. This is not a tax on transfers of beneficial interests. We are monitoring the data closely and will determine if further action is necessary.

32. Why didn't the government close the bare trust loophole?

The government is still considering the advantages and disadvantages of taxing transfers of beneficial interests that happen outside of registrations at a land titles office. That would be a fundamental change from the current property transfer tax, and is comparable to the creation of a new system with a new tax administration. In June, we started collecting data to better inform this decision.

33. Critics say you should focus on using income tax data to see if purchasers are making appropriate contributions to local revenues, and then only adding surtaxes if they're not paying tax on worldwide income in BC. Why do you consistently reject that approach?

We haven't rejected any approaches – we have consistently said we would act based on data and evaluate all options. These are complex issues that will require a number of different solutions.

35. Why only in the GVRD?

For now, the clearest need for this response is in the GVRD. The Bill contains regulatory powers that would allow the government to prescribe other areas in which the additional tax would apply. We will continue to monitor the data we are collecting. If the evidence shows that a significant amount of foreign investment is being displaced to other regions, we are in a position to make changes quickly.

36. Which communities are within the GVRD?

- Anmore
- Belcarra
- Bowen Island
- Burnaby
- Coquitlam
- Delta
- Electoral Area A
- Langley City
- Langley Township
- Lions Bay
- Maple Ridge
- New Westminster
- North Vancouver City
- North Vancouver District
- Pitt Meadows
- Port Coquitlam
- Port Moody
- Richmond
- Surrey
- Tsawwassen
- Vancouver
- West Vancouver
- White Rock

37. Why 15%? What led you to pick that rate, how do you know it's not too high or too low?

In fact we established a range between 10% and 20% that can be adjusted by regulation, and chose 15% as the starting rate. We will assess the effect of this rate in the months to come.

The 15% rate significantly reduces an investor's return on investment, making investment in real estate less attractive to foreign investors.

Other jurisdictions faced with similar circumstances also apply the same rate. Singapore and Hong Kong both apply a rate of 15% to residential property bought by foreign nationals.

The amendments will allow government to set the rate as low as 10% and as high as 20% of the property value by regulation. This flexibility will allow government to adjust the tax rate depending on the needs of the market.

38. Why aren't you taxing satellite Canadians who do not pay income tax?

Canadians have the right to live where they like in Canada and find employment where they wish around the globe. There are rules in place in Canada in both the Income Tax Act and in our tax conventions with other countries that set out the division of where income tax is paid.

Even if someone is not liable to pay income tax in Canada, they will still be liable to pay consumption and property taxes if they purchase goods or own property here. This is one of the reasons the provincial tax system is comprised of a variety of taxes on income, consumption and property. These taxes, when taken together, are intended to help raise the revenue necessary to fund the wide range of programs and services that British Columbians rely on.

Further, we would not expect a Canadian who stays in Palm Springs four months per year to pay income tax in the United States, if all their income was earned in Canada.

There are many reasons why an individual may not pay income tax in a given year. For example, they may have earned income in the previous tax year or incurred business losses in the current tax year. An individual may have gone back to school, earning no income in the current tax year. A senior collecting their pension may live in a high-value home they have owned for decades. Or, an individual may have a spouse who earns a high income, but earn no income of their own.

39. Why aren't you cracking down on money laundering and tax evasion in B.C. real estate?

Monitoring the flow of money across borders and international tax are extremely complex subjects that are governed by the federal statutes such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Income Tax Act and tax treaties.

Under the federal-provincial tax collection agreements, investigation of income tax evasion is the responsibility of the Canada Revenue Agency (the CRA). Streamlined administration simplifies the tax system and lowers administration costs for both government and individual taxpayers.

In addition to its own investigative powers, the CRA has access to information on cross border transfers of funds collected by FINTRAC. FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, is Canada's financial intelligence unit. FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.

That said, we support the Canada Revenue Agency in its efforts to identify cases of tax evasion in B.C. real estate. We share information to the extent possible under the information-sharing agreements we currently have in place with the federal government.

Minister de Jong discussed his concerns about issues related to tax evasion through real estate with Minister Morneau at the June meeting of Canada's finance ministers in Vancouver. These discussions led to the establishment of a federal-provincial-municipal working group comprised of senior officials from B.C., Ontario, the federal government and local governments. This group is

meeting over the summer to identify strategies to strengthen information sharing among the various levels of government, in an effort to further prevent tax evasion in real estate.

Additional Property Transfer Tax – Market Effects

40. If foreign buyers are only 10% of the market, why do you think this tax will have any effect on the remaining 90%? Shouldn't you focus your efforts on the big segment of the market?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

We've made other changes that focus on helping British Columbians enter the housing market. For example, we increased the property transfer tax from 2% to 3% on the portion of a property's fair market value above \$2 million.

We're investing that revenue into the Newly Built Homes exemption, which can save buyers up to \$13,000 in property transfer tax when purchasing a newly constructed or subdivided home worth up to \$750,000. Between Feb. 18 and July 14, this exemption has delivered nearly \$32 million in property transfer tax savings to more than 4,000 British Columbia families.

This exemption provides the additional benefit of incenting developers to build modestly-priced, new housing.

41. Won't this just drive people to purchase outside of the GVRD, and drive up prices in other areas of the province?

The changes made to the property transfer tax form will allow us to monitor transactions by foreign buyers. If we identify significant displacement of foreign capital to other regions, we can make the necessary adjustments by applying the tax in different jurisdictions.

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43. Won't the effect of the tax simply get priced into the market – making properties even more expensive?

The additional tax will immediately reduce the return on any investment by adding 15% to the transaction's cost. This will take away much of the incentive to use residential real estate in the GVRD purely as an investment vehicle.

44. You said you don't want to take steps that could harm the equity BCers have built up in their homes – how can you be sure this measure won't crash the market?

We are taking a cautious approach by applying the tax to the GVRD, where demand appears to be running strongest. We have the flexibility to adjust the tax rates within a range, and to apply or not apply the tax in different regions of the province as necessary.

45. You're likely to get stories of people walking away from contracts – are you troubled by that possibility? What do you say to a BCer whose deal just collapsed because of your tax?

Any time a new tax is implemented there is a period of market distortion, and if the tax is effective I expect some people will find themselves affected in this way. It's certainly a difficult personal circumstance for them. I would hope that the amount of disruption to individuals will be limited, and that new buyers can be found. At this point, there still appears to be very healthy local demand.

46. What impact do you foresee on the prices of homes – will this slow the rise in prices, reverse it?

The intent is to reduce upward pressure on residential prices and reduce the excessive competition in the market. To the extent that foreign buyers are out-competing British Columbians, this tax puts an additional cost that creates a disincentive to investment.

By placing barriers to the foreign investment in the GVRD's real estate market, we can help manage rising prices while supply catches up.

Additional Property Transfer Tax – Trade/Legal Questions

47. You're instituting an exorbitant surtax on people who can't vote – isn't this taxation without representation?

No. This tax applies to foreign entities that make a choice to purchase residential property in the GVRD.

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50. Is there a risk this tax will work too well and scare off other types of foreign investment? How might that reveal itself, and what would you do if it does?

B.C.'s economy has been and continues to be seen as a safe harbour for investment. Even through the tempests of the global economic slowdown, we have emerged from the economic crisis with four straight balanced budgets, a triple-A credit rating from the three major rating agencies, and an economy that is forecast to lead growth among provinces both this year and the next. Since 2001, economic growth in BC has averaged 2.6 per cent annually, compared to 1.9 per cent in the rest of Canada.

51. Would foreign governments pay the tax?

Foreign governments operating through a corporation would pay the tax.

52. Do any other jurisdictions have similar taxes or impose restrictions on foreign ownership of property?

- United Kingdom:
 - Non-residents are now subject to capital gains taxation on gains when selling residential property in the UK.
 - Non-domiciled residents who provide security for purchases with offshore assets will be considered to have repatriated those assets and pay income tax as applicable.
 - 15-per-cent stamp duty on those using a company name to buy properties worth more than £500,000.
- Singapore:
 - Increased buyer's stamp duties (PTT) on foreign, corporate, permanent residents, and citizens:
 - 15% additional stamp duty on foreign and corporate purchasers. Was initially 10% but was increased after 10% did not have the desired effect.
 - 5% additional stamp duty on permanent residents purchasing a first home. 10% on further purchases.
 - 10% additional stamp duty on citizens purchasing their second and third homes.
- Hong Kong:
 - A 5%-20% anti-speculation special stamp duty that is payable on property held for less than 24 months.
 - Implemented a 15% additional Buyers Stamp Duty targeted at foreign investors and companies Measures to restrict mortgage lending to its residents.
 - Strict loan to value ratios
 - Strict Mortgage Servicing Ratios
 - A 40% down payment requirement
- Australia

Australia has both federal and state taxes for foreign purchasers. Australia also restricts foreign ownership of property. Foreign citizens or companies require approval from a Foreign Investment Review Board (FIRB) in order to buy residential real estate. The FIRB will accept applications where the non-resident intends to live in the residential property. The FIRB will reject applications on the following grounds:

 - They feel the purchase is speculative in nature.
 - They feel the purchase is for rental purposes.

The exceptions to these criteria are newly built residential properties sold by developers and tourist resort properties.
- New York

New York levies a mansion tax of 1% of the purchase price, if the purchase price is over \$1 million.
- 1974 Ontario Measures
 - Ontario implemented two measures aimed at curbing house price inflation in the 1970s.

- A 20% transfer tax on non-residents of Canada (similar to our PTT)
 - An income tax on land speculation aimed at short term speculators (flippers)
 - The taxes were enacted in 1974 and repealed by 1978.
 - The 20% rate for non-residents remained for the acquisition of certain land (farmland) until 1997.
- China
 - To help boost a slowing economy, China recently relaxed rules on foreign ownership.
 - Restrictions on foreign ownership were put in place in 2006, in an effort to prevent speculation and cool an overheated market that was pricing Chinese citizens out of major markets.
 - Foreign individuals and companies are now allowed to buy as many properties as they wish, but are still subject to local housing purchase limits.
 - Previously, foreign residents were allowed to buy only one property on the mainland once they had worked in China for a year.
 - Korea
 - There are no special requirements for land or property purchase by foreigners in Korea.
 - However, the registration process is slightly different for foreigners purchasing property in Korea.

Additional Property Transfer Tax – Detailed Technical

53. Do I need to submit a form under 2.02(3) if I don't have any foreign transferees or transferees who are trustees of a trust with a foreign beneficiary?

You will only need to submit a form for additional tax for transfers of residential property in a prescribed area with a foreign transferee or when a foreign entity holds a beneficial interest in a trust.

54. I am a foreign entity making a purchase of a business property that has a small amount of residential property associated with it. Do I need to pay the tax?

Yes, the foreign entity as defined in the tax must pay additional property transfer tax on the residential portion, but not on the business portion of the transaction.

55. Does the treatment of beneficiaries start to remove the distinction in the tax between legal and beneficial owners?

The general tax remains a tax on the transferee. In the additional tax, we will look through Canadian trustees to see if there is a foreign beneficial interest.

56. What if there are Canadian beneficiaries as well as foreign entity beneficiaries in the trust.

The transferee of a trust is considered to fully be a foreign entity if at least one beneficiary is a foreign entity.

57. I am not sure my property meets the definition of residential

Refer to the most recent assessment notice from BC Assessment. Or, contact the Property Taxation Branch – property transfer tax enquiries – at: 250 387-0604, 1 888 355-2700 (Toll free), or pttenq@gov.bc.ca.

Housing Priority Initiatives

58. Why are these amendments being introduced?

These amendments are complementary to and necessary to support other proposed amendments to the Property Transfer Tax Act.

A new immediate, strategic and flexible central funding vehicle is needed to facilitate early implementation of priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

It is expected that Individual priority proposals that support Cabinet's direction will be brought forward by ministries for Treasury Board consideration. A new strategic and flexible funding vehicle, as proposed in the amendments, will assist Treasury Board in addressing those priority proposals within the Fiscal Plan and in recognition of current limitations within other existing authorities.

59. What do the amendments do?

The amendments establish the Housing Priority Initiatives special account, along with its operating rules and oversight. The Account's purpose is to provide a strategic central funding vehicle for priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The amendments define inflows to the Account, which primarily include transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The amendments provide for a wide range of purposed spending activities ranging from operating and grant expenditures; funding capital investments in land and housing/rental infrastructure; to funding loans and guarantees that support new or ongoing priority initiatives in respect of provincial housing and rental/shelter supply and access and support programs.

All spending must have the prior approval of Treasury Board.

60. How do you justify giving yourself the ability to spend taxpayer money without legislative scrutiny, oversight, debate and a vote? Isn't this just a way to bypass the budget and Estimates process? How is this transparent?

Like all legislation, the bill to establish this special account is being introduced in the Legislature for full and transparent debate and approval within a public forum.

The opportunity created by the other proposed amendments that this legislation is intended to support wasn't there when Budget 2016 was developed and passed.

That opportunity exists today with the requested passage of this package of legislation and as a consequence there is also an immediate need for a vehicle so the Province can utilize that opportunity to respond to priority initiatives related to supply of housing and rental housing, or other shelter, access and support programs and initiatives.

The special account will be under strict oversight of the Minister of Finance and Treasury Board. As part of the government's Consolidated Revenue Fund, going forward the new Account will be reported on through annual Budgets and Estimates, quarterly reports, service plans, and the annual Public Accounts.

Reporting on the proposed special account could come as early as the First Quarterly Report in September 2016. Government might also consider preparing a dedicated public report to outline spending out of the special account and the purposes for which the spending was provided. This, for example, could be part of a more comprehensive document about the Province's overall housing strategy.

61. What spending controls are there for this special account?

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the Account, but prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

62. You're giving yourself statutory authority to spend Property Transfer Tax revenues – what are your spending plans?

The proposed special account has a broad authority to fund a range of housing, rental, or shelter programs, initiatives and activities. This means government can not only augment existing programs like BC Housing's emergency shelter and social housing initiatives or rental assistance for low-income families and seniors, but can potentially fund new and innovative housing initiatives in the future (e.g. increasing supply of affordable or rental housing or supporting homeownership).

While it is still early, individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries for Treasury Board consideration. The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

63. What consultations have you done?

While specific consultations have not taken place publicly or across the public sector in relation to the creation of the new special account, the underlying needs for which the special account is intended to help address are well understood and the Province has heard public concerns in a variety of consultation venues.

The Privacy and Legislation Branch (PLB) has been consulted and confirmed that consultation with the OIPC was not required. The legislative amendments do not contemplate or create new matters of personal information collection or use outside of the parameters covered by FOIPPA.

64. What don't you simply use the Contingencies vote or bring in Supplementary Estimates to deal with the need for new spending authority this year?

The opportunity created by the other proposed legislative amendments will likely be well in excess of what the Contingency vote can provide. As is the usual case, there are already a number of pressures in ministries that may require allocations from the Contingencies vote.

Supplementary Estimates are not practical at this time. It is still early and individual priority proposals that support Cabinet's direction on housing will be brought forward by ministries in an orderly way for Treasury Board consideration.

The proposed special account will assist Treasury Board in addressing those priority proposals in a flexible way within the Fiscal Plan and in recognition of current limitations within other existing authorities.

65. Why would the special account need to make loans and guarantees? Won't this affect provincial debt?

The new special account is intended to be self-funded so there should be no impact on provincial debt.

The proposed amendments define inflows to the Account, which primarily includes transfers of Property Transfer Tax authorized by Treasury Board. But inflows also include other things like collections of loans made through the Account, or sales/leases/rentals of properties invested in by the Account or through agencies funded by the Account.

The Account will be under strict oversight of the Minister of Finance and Treasury Board. Not only must Treasury Board approve the amounts of Property Transfer Tax to be transferred to the

Account, prior Treasury Board approval is required before any payments can be made out of the Account and before loan guarantees are provided.

Consumer Protection – Self-Regulation

66. How can you say self-regulation is ended?

Following the amendments industry will have NO formal role in the regulation of the real estate sector:

- All members on the Real Estate Council will be appointed by government;
- All rules will be made by the Superintendent, not Council.
- Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

67. Doesn't Council's continued ability to impose discipline mean that self-regulation continues?

No. Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings). Again, industry will have no formal role on Council and therefore Council's responsibility in respect of discipline cannot be regarded as self-regulation by industry.

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – IAG Recommendations

68. Do these amendments implement the IAG recommendations?

Most of the amendments that require legislation have been implemented: Penalties have been increased as recommended; and the superintendent's oversight powers are greatly enhanced. The legislation also clarifies that the Superintendent has the power to make rules to effect many of the other recommendations.

69. Why do the amendments not implement all of the IAG recommendations?

Most of the IAG recommendations that relate to legislation are included in the amendments.

The exceptions are those that are currently outside the legislative scheme of the Real Estate Services Act and the recommendation to provide the council with the responsibility to investigate unlicensed activity.

The amendments provide the Superintendent with broad oversight of council, and go further than the IAG recommendations in transferring rule making authority from council to the superintendent and in replacing the industry-elected members on Council with members appointed by the government.

The superintendent's rule-making authority will allow it to implement the non-legislative IAG recommendations.

70. Why do the amendments not implement the recommendation to provide council with the responsibility to investigate unlicensed activity?

The amendments provide for increased oversight of council and for new disciplinary powers for council. Council needs to focus on improving its investigation and discipline of licensees before an increase in its regulatory responsibility can be contemplated.

71. So who is responsible for unlicensed activity?

The Superintendent of Real Estate.

72. What is happening with the other recommendations of the IAG?

Government has established an implementation team that is working swiftly to end self-regulation and implement the recommendations, including the additional powers the Superintendent will receive. The team includes senior staff from the current office of the Superintendent of Real Estate, the Real Estate Council and the Ministry of Finance. When the new Superintendent of Real Estate is hired, s/he will assume leadership of the implementation team.

73. Why do these amendments not end dual agency?

The amendments give the Superintendent the power to make rules that prohibit dual agency. However, prohibiting dual agency, together with banning double ending are important issues that government is continuing to analyse. Government may step in to address them directly by regulation rather than relying on the Superintendent to make rules.

74. Can you tell us the distinction between dual agency and double ending?

Dual agency occurs when a licensee acts as agent to parties with opposing interests in a real estate transaction. For example, a licensee may be the real estate agent for both the seller of real estate and the buyer of real estate or a licensee may be acting for two different buyers bidding for the same real estate. The concern with dual agency is that the licensee cannot, in practice, fully act in the best interests of both parties if the interests of those parties are in conflict.

Double ending occurs when a licensee receives both the seller's and buyer's portion of the commission for a transaction. This most often occurs when a licensee is acting as a dual agent, but can also occur where a buyer is not represented by a licensee.

Dual agency and double ending may result in an unshared commission being received by a single licensee. However, under dual agency the licensee has the obligation to act as agent to both parties, even if the execution of this obligation is impractical.

75. Will the fees that licensees have to pay increase?

We are currently considering the staffing and resourcing requirements that the Council will need. We cannot definitively say whether fee increases will be necessary until we understand the requirements needed to support the additional workload.

Consumer Protection – Superintendent

76. Will additional resources be available to the Superintendent?

Assessment of the resource requirements for the Superintendent's office is underway.

77. How many staff will the Superintendent have?

The Superintendent will have the necessary resources required to carry out its mandate. The number of staff is being determined.

78. How will the Superintendent's office be funded?

The Superintendent's office will continue to be funded through licence fees.

79. When will the Superintendent begin his or her role?

The Deputy Minister of Finance is in the process of hiring a Superintendent dedicated to Real Estate. This is a high priority within the Ministry and for the Deputy Minister of Finance. He or she will begin working as soon as possible.

Consumer Protection – Real Estate Council

80. Does the real estate council continue to exist?

Yes. The council will continue its role with respect to handling licensing and bringing disciplinary actions, but it will do so under the oversight of the superintendent of real estate. Council's ability to make rules that govern licensee conduct have been transferred to the Superintendent.

81. Who will be appointed to the Real Estate Council?

The Province's Board Resourcing and Development Office will follow its standard process for making recommendations about appointments to government. The overarching governing principles of this process are: merit-based selection; transparency; consistency; probity (appointees must be committed to the values of the public service); and proportionality (the process for selection will be appropriate for the nature of the post).

82. Will any industry members be appointed to the Real Estate Council?

Our priority is to minimize industry representation, but we recognize the value of experienced and practical voices on the council.

83. What happens to the existing council members?

Council members that were elected or appointed by council will cease to be council members once the amendments come into force. Council members that were appointed by the Lieutenant Governor in Council will continue to be council members.

84. When to the amendments come into force?

The amendments will come into force by regulation, which we anticipate will be relatively soon.

85. What happens to council staff?

The Council will continue to require the existing complement of staff to fulfill its revised mandate and may even require additional staff to fully meet its responsibilities.

86. Does this mean the council (and related corporations) become part of the government reporting entity?

It is likely that the Council will become part of the government reporting entity, as government will be appointing all council members and has control over the Council.

87. Why are you keeping the two appointed members on Council?

Two existing government appointees are being reappointed, as they are new to the board. They were appointed mid-2015, and typically appointees serve up to six years. The two council members who are being reappointed are well qualified and bring important skills and attributes to the board, and provide continuity.

A number of important changes are anticipated that will bring new leadership and change to the regulator and the industry. Government is in the process of hiring a new Superintendent of Real Estate. In this context, some stability and continuity on the board is important.

88. What will the role of Council staff be?

Staff will continue to receive complaints, investigate potential contraventions, and support the new Council as it determines whether to issue a notice of hearing and conducts discipline hearings.

89. Why does Council continue to be responsible for discipline?

Council will continue to be responsible for discipline. As well, Council will have more penalty tools available to ensure licensees are properly deterred and punished for any misconduct.

The Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and
- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

Consumer Protection – Legislation

90. What do these amendments do?

These amendments effectively end the self-regulatory status of the real estate council by providing that all members of the council are to be appointed by the government, instead of having the majority of council members elected by industry.

91. Why is the strata owner council position being removed? Wasn't this position independent?

Council was provided the ability to appoint a strata owner to council to ensure the concerns of this constituency were represented. This was required to address the fact that council was largely comprised of elected real estate agents. As all council members will now be appointed, government will be able to ensure the composition of the board adequately reflects the interests and perspectives of all stakeholders.

92. Why are disgorged commissions not returned to the consumer?

The amendments provide that disgorged commissions, like discipline penalties, must be remitted to the council for the purposes of licensee and public education. The amendments allow for a regulation to be developed should it be considered effective and appropriate to allow for other uses of disgorged funds.

93. Why do the amendments not protect the public from predatory buyers and sellers that are not required to be licensed?

The IAG's recommendations to extend government's assignment disclosure regulation and to extend the legislative regime to high volume unlicensed activity are beyond the scope of the Real Estate Services Act. However, this may be something that we look at in the future.

Consumer Protection – Operations

94. What progress has been made in developing the implementation plan?

Once the new Superintendent is in place, he or she will begin to develop the implementation plan that flows out of the legislative changes, and put into action any operational changes necessary.

Work is already underway to consider what the staffing and resourcing requirements Council will have.

95. Who will handle complaints and discipline?

Council will continue to be responsible for daily operational matters (for example, qualification and discipline hearings).

Additionally, the Superintendent will have the ability to increase disciplinary activities of Council by:

- directing Council to investigate a particular matter;
- requiring Council to issue a notice of disciplinary hearing, thus beginning the disciplinary process; and

- requiring Council to provide the Superintendent with all information about an investigation or disciplinary process that will let the Superintendent decide whether to appeal the disciplinary outcome of a particular matter.

96. Who will handle unlicensed activity?

The superintendent will continue to be responsible for unlicensed activity. The amendments generally give less power to council, and expanding council's role per the IAG recommendations is contrary to the direction of the amendments.

97. What happens to the existing rules?

The existing rules will be deemed to be the rules of the superintendent, and will continue to remain in force.

98. Which IAG recommendations are not addressed by the amendments?

The amendments do not implement any IAG recommendations that can be implemented by rules or that are operational in nature. Also, recommendations involving unlicensed activity (extending shadow flipping regulation to all real estate contracts, for sale by owner regulation), including the recommendation to transfer oversight of unlicensed activity to council are not provided for in the amendments.

99. Who will have power to make bylaws?

The council will retain the power to make bylaws. However, the superintendent is provided with new powers to direct council to make, amend, or repeal a bylaw.

Consumer Protection – General

100. What other Canadian jurisdictions have self-regulation of the real estate industry?

Self-regulation of real estate exists in Alberta, Saskatchewan, Ontario, Quebec, and Nova Scotia. In these provinces, provincial law and regulation establish real estate councils to license real estate professionals and to create and administer the rules agents must follow.

In the territories and the four provinces without real estate councils, provincial governments directly license agents and regulate the profession.

101. Do these amendments reverse the 2005 changes in real estate regulation?

Only in part. These amendments change the structure of real estate regulation by ending the self-regulatory status of real estate agents. Other changes implemented in 2005, such as the regulation of strata managers and the establishment of a compensation fund, continue on.

Vacancy Tax

102. What is the purpose of this legislation?

- The Province is enabling Vancouver to implement a stand-alone tax on vacant residential property. The Province is acting in response to Vancouver's request. Vancouver has been seeking additional tools in an effort to increase the supply of rental units on the market while waiting for some of Vancouver's pending housing projects to be available. The vacancy rate in Vancouver is currently 0.6% and unused housing supply can put upward pressure on accommodation costs.
- Once implemented by Vancouver, the intent of a vacancy tax would be to encourage owners of vacant properties to add those properties to Vancouver's rental housing inventory rather than pay the tax. In addition, the legislation would ensure that the revenues received under this vacancy tax could only be used by Vancouver in relation to affordable housing initiatives and administration of the tax.

103. What is the scale of the vacant property problem in Vancouver?

- The intent of the tax is to increase the rental housing stock on the market; a study conducted by Vancouver in 2016 indicates that Vancouver has close to 11,000 empty housing units (Vancouver estimates there are approximately 177,000 residential properties in total).

104. Why is the Province allowing Vancouver to design and implement the tax?

- It is important to Vancouver that it has clear, statutory authority to impose a vacancy tax if it decides to proceed with such a tax. Whether to impose such a tax is ultimately Vancouver's decision.
- While the legislation will set out key elements of the tax, the design details, implementation, administration and collection of the tax will be determined by Vancouver and imposed by municipal bylaw. Vancouver has the best ability to understand its needs and its residents and what properties and property owners should be covered by the vacancy tax.

105. What about other Lower Mainland communities struggling with housing affordability and availability? Or what about in other areas of the Province, like Victoria? Will they be able to implement a similar tax?

- Addressing the issue of housing affordability is a priority for the Province. Vancouver is being empowered to design and implement a novel tax, unprecedented in Canada. On that basis, it would make sense for other communities to first be in a position to learn from Vancouver's approach, including issues with implementation and whether the tax has the desired effect.
- After that, if there is general interest from other municipalities, legislative change could be discussed further.

106. How will you know if there is interest in other places? Do other municipalities just get to ask for this authority, like Vancouver?

- The usual process for seeking amendments to the *Community Charter* or other core legislation that applies to local governments throughout B.C. is through the Union of BC Municipalities (UBCM), which represents all local governments. Through its annual resolutions process, UBCM members debate, vote on and adopt resolutions on a variety of issues, including ones seeking legislative change. The Province responds annually to those resolutions.

107. How will the public know if the tax is effective? Does Vancouver have to account for the use of the revenues collected from this tax?

- Vancouver is required to provide an annual report on the vacancy tax that must include the amount raised and how it was used; and ensure that the report is publicly available. Vancouver's use of revenue generated from the vacancy tax is limited to the purposes of initiatives respecting affordable housing; and paying the costs of administration of the tax.

108. What else is the Province doing to support affordable housing?

- In Budget 2016, the Province increased the property transfer tax rate to 3% on the value of homes above \$2 million, and invested that money in the Newly Built Home exemption, which can save buyers up to \$13,000 on the purchase of new housing valued up to \$750,000. This measure aims to stimulate greater housing supply in the market at an affordable price.
- The Province is also investing \$355 million over the next five years to support the construction or renovation of more than 2,000 units of affordable housing. In addition, the Province has also started collecting citizenship information from buyers when they register properties to help us understand the extent that foreign capital is driving the housing market.
- And as my colleague Minister de Jong has mentioned, the Province will also be introducing legislation to support consumer protection by ending self-regulation of the real estate industry.

109. What are other jurisdictions doing?

- This would be a unique taxation authority in Canada.
- Research has only found two worldwide examples of a vacancy tax imposed locally for the purpose of addressing housing affordability (i.e., some boroughs in Greater London, England such as Camden impose a 50% vacancy premium on their equivalent of municipal property taxes for properties empty for set periods over the prior two years; France imposes such a tax for municipalities over 200,000 population, at a rate of roughly 10% of annual rental value).

- While the tax itself would be unprecedented in Canada, it is expected to generate interest in some other B.C. local governments seeking revenue tools to address the same issues and/or seeing it as a new tool to raise funds.

Vacancy Tax Legislation – General Questions

110. Why isn't the Province enabling a separate vacant residential property class under the *Assessment Act* for Vancouver? Wouldn't an assessment approach simplify things?

- A vacant residential property class or sub-class would be applied on a province-wide basis, as are all assessment provisions. The risks of such a broad application are currently unclear, and may lead to unintended consequences for municipalities and tax administrators. Therefore, it is more appropriate to enable Vancouver to impose a vacancy tax, and ensure that any revenues are used to support the administration of the program and fund affordable housing initiatives in Vancouver.

111. What properties is this targeting? What constitutes a "vacant" property?

- The legislation authorizes Vancouver to tax residential properties that are in Class 1 of the *Assessment Act* and meet the criteria to be set out in Vancouver's vacancy tax bylaw. Such residential properties may include single family dwellings, apartments, and condominiums, but not hotels and motels.
- The length of time and the circumstances that constitute "vacant property" will be defined by Vancouver by bylaw. As well, Vancouver will have broad authority to establish exemptions from the tax for properties that may be vacant but should not be taxed (e.g. estates in probate; properties awaiting a demolition permit). Given the variety of possible scenarios, how "vacant property" is defined can only be determined by Vancouver.

112. What will the tax rate be?

- The rate or amount of the tax will be determined by Vancouver, and may be different for different categories of residential properties, registered owners and/or vacant properties (also to be determined by Vancouver). Vancouver will also determine the basis for the tax rate – whether for example it is a percentage of the assessed value of the property or an amount per parcel.

113. When would this vacancy tax take effect?

- It is anticipated that it will take some time for Vancouver to design the tax, but the timing of implementation is up to Vancouver to decide.

114. Will there be exemptions from the tax?

- The legislation requires Vancouver to establish exemptions from the tax in their vacancy tax bylaw, as there will be many different situations to be accommodated. As Vancouver will be responsible for the details of the design of the tax, it will be up to Vancouver to determine what these exemptions will be.

115. What if the owner only uses the property part-time or occasionally? What if the owner has an unrented suite or carriage house on an owner-occupied property?

- As Vancouver will be responsible for the details of the design of the tax and the definition of “vacant property”, it will be up to Vancouver to determine whether any of these properties would be subject to the tax.

116. What if a strata corporation does not allow or limits rentals? Will Vancouver have the authority to require strata corporations to permit rentals?

- If a strata corporation allows only limited rentals or prohibits rentals, this legislation will not require the strata corporation to revisit their policies in this regard.

Vacancy Tax – Collection and Enforcement of the Tax

117. What happens if the owner doesn't pay the tax? What are the collection and enforcement remedies?

- Vancouver will have the authority to establish penalties and interest for non-payment and late payment of the tax. Ultimately, the legislation authorizes Vancouver to choose to apply the full range of remedies available for collection and enforcement of property value taxes under the *Vancouver Charter* to also enforce the vacancy tax.
- That means that properties could be required to be put to tax sale where taxes are delinquent for two years.

118. How can property owners appeal/complain if they disagree with Vancouver's determination of their property status?

- One of the required elements of a vacancy tax bylaw is for Vancouver to establish a process for hearing and determining complaints, including providing for a review process for determination of complaints. As Vancouver further develops its design of the tax and process for its administration/collection, the Province is happy to discuss any issues that may arise or need to consider potential future amendments to ensure the fairness of such a review process.

Vacancy Tax – Data/Collection of Information

119. How will Vancouver identify vacant properties? Are property owners required to provide this information?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied. Failure to provide required information could have various consequences, including fines, and most significantly that the property is considered to be vacant and taxable.

120. Can the information collected from property owners for the purpose of the vacancy tax be used for other purposes?

- Information collected from property owners is often personal information. Personal information gathered by Vancouver must be collected and used in accordance with the *Freedom of Information and Protection of Privacy Act* (FOIPPA) which has, as its starting point, that information may only be used for the purpose for which it is collected.

121. Does the legislation authorize Vancouver to access 3rd party-collected data, e.g. provincially held personal information?

- No. The legislation currently does not authorize Vancouver's access to or agreements around 3rd party-collected data (e.g. provincially-held personal information such as Home Owner Grant claims or Drivers Licence/BC ID information).
- This would require detailed consultations with the Office of the Information and Privacy Commissioner (OIPC). As Vancouver actually designs its tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussions and consider the potential for future data-related amendments.

122. Isn't data essential to Vancouver being able to design the details of this tax? Otherwise, how are they going to determine which properties should be taxed?

- The legislation enables a declaration framework; Vancouver may require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is vacant or occupied.
- As Vancouver actually designs the tax and identifies specific data needed for specific purposes, there is an opportunity to undertake the necessary discussion and consider the potential for future data-related amendments.

123. Why didn't you add the provision suggested by the Office of Information and Privacy Commissioner, to ensure that Vancouver could only use information and evidence collected from property owners for the purposes of the vacancy tax?

- Vancouver is already required to operate under the *Freedom of Information and Protection of Privacy Act* for any personal information it collects. Section 32 of that Act establishes the core rule that personal information may only be used for the purpose for which it was collected and, in limited circumstances, for a consistent purpose.
- Once Vancouver has undertaken more detailed design of the tax and how it will be administered, further discussion about issues related to information/data collection and sharing may be needed; that would be the best opportunity to discuss the suggested provision with Vancouver and with the Office of Information and Privacy Commissioner.

124. Can Vancouver enter residential property to verify if the property is vacant?

- The proposed legislation includes a limited power of entry for an authorized person onto a property (after reasonable steps) for the purpose of determining or verifying the status of the property for purposes of the vacancy tax. This authority is consistent with normal municipal authority to determine compliance with their bylaws.
- Additionally, the authorized person may only enter into a residential property (e.g., a private dwelling) if the individual occupying the property, if any, consents.

125. Why is there no warrant authority to enable Vancouver to enter into a building or dwelling?

- The creation of a warrant authority for the purposes of the vacancy tax raises complex constitutional issues and would require further legal consideration as well as consultation with the judiciary. As with the question of specific data needs, the Province is open to having further discussion on this issue with Vancouver as it actually designs the details of the tax, and consider the potential for future amendments if the need arises.

126. If the legislation doesn't provide for entry into property and it doesn't give Vancouver access to third party data, does this legislation actually give Vancouver the authority it needs to implement this tax?

- Yes. The legislation balances flexibility in the enabling framework for Vancouver's design of the tax scheme while providing enough certainty in the legislation for the tax to be legally valid. To uphold principles of fairness and equity in taxation, the legislation enables Vancouver to start broadly in identifying residential properties and then narrow down those subject to the tax through self-declaration.
- It gives Vancouver the authority to require information from property owners regarding the status of their residential property and seek verifying evidence from them as to whether it is

vacant or occupied. It also provides consequences for not providing that information – most importantly, that the property can be considered vacant and subject to the vacancy tax.

- As Vancouver actually undertakes more detailed design of the tax and if it identifies specific data needed for specific purposes the Province is open to further discussion and considering the potential for future data-related amendments.

127. Why isn't the legislation enabling tax modelled on the approach suggested by UBC Sauder School of Business (Professor Joshua Gottlieb)?

- As I understand it, the model supported and proposed by the UBC Sauder School of business is a 2% property value tax based on assessed value of a property, which would then be negated on a sliding scale by application of an exemption based on income taxes paid by the registered property owner.
- While the starting point of such a tax would be the parcel of property, whether a registered owner of such property pays tax would be determined by an exemption based on income taxes paid by the registered owner. The Sauder School approach would be entirely dependent on Vancouver being able to access federal income tax information.
- The proposed legislation for the Vancouver Vacancy Tax provides Vancouver with the authority to impose a municipal tax in relation to residential properties that are vacant. The legislation, as proposed, does not authorize Vancouver's access to or entry into agreements around third party-collected data. This level of information/data access would require detailed determination of necessary personal information sources, authorization for information sharing and detailed consultations with the Office of the Information and Privacy Commissioner (OIPC) and in relation, to income tax information, consultations with the federal government.
- Vancouver had initially requested an assessment based (i.e., property tax) to impose on vacant properties and later raised the possibility of imposing a property based Business Tax. The authority contained in the proposed legislation/ Bill is consistent with municipal taxation authorities in BC and Canada and does not require data availability on the income of registered owners of subject properties, necessitating negotiation of income tax information sharing between Vancouver and the Province/Federal Government which, in turn, raises privacy concerns around use, sharing and custody of personal information.

128. Lower Mainland mayors have proposed an alternate approach where a tax would be imposed on a property and exempted where the property is used as a principal residence (non-resident tax). Wouldn't this be easier to administer and help avoid a patchwork approach to addressing the issue?

- There is no one right approach to increasing rental stock in Vancouver; every approach will have its pros and cons.
- We are supporting Vancouver in its request for a municipal tax on vacant property to address a historically low vacancy rate, which it considers to impact housing affordability. The purpose of

the tax is to provide an incentive for owners of empty homes to add them to the rental pool. This tax is intended to help address housing availability and affordability.

- My understanding of the non-resident tax proposed by some Lower Mainland mayors is that an owner would be levied an additional property tax for any property that is not a principal residence. This raises some questions about how this would assist in addressing the low vacancy rate, and whether it may have the effect of increasing rents for those units that are currently occupied. It is not at all clear that this type of tax would be easier to either design or administer, as it also raises legal and tax equity issues, and could certainly present some significant property conveyancing issues.

Appendix A: Examples of Tax Payable

Home value	Regular tax	Additional tax	Total	Total as a % of home value
\$100,000	\$1,000	\$15,000	\$16,000	16.0%
\$200,000	\$2,000	\$30,000	\$32,000	16.0%
\$300,000	\$4,000	\$45,000	\$49,000	16.3%
\$400,000	\$6,000	\$60,000	\$66,000	16.5%
\$500,000	\$8,000	\$75,000	\$83,000	16.6%
\$600,000	\$10,000	\$90,000	\$100,000	16.7%
\$700,000	\$12,000	\$105,000	\$117,000	16.7%
\$800,000	\$14,000	\$120,000	\$134,000	16.8%
\$900,000	\$16,000	\$135,000	\$151,000	16.8%
\$1,000,000	\$18,000	\$150,000	\$168,000	16.8%
\$1,100,000	\$20,000	\$165,000	\$185,000	16.8%
\$1,200,000	\$22,000	\$180,000	\$202,000	16.8%
\$1,300,000	\$24,000	\$195,000	\$219,000	16.8%
\$1,400,000	\$26,000	\$210,000	\$236,000	16.9%
\$1,500,000	\$28,000	\$225,000	\$253,000	16.9%
\$1,600,000	\$30,000	\$240,000	\$270,000	16.9%
\$1,700,000	\$32,000	\$255,000	\$287,000	16.9%
\$1,800,000	\$34,000	\$270,000	\$304,000	16.9%
\$1,900,000	\$36,000	\$285,000	\$321,000	16.9%
\$2,000,000	\$38,000	\$300,000	\$338,000	16.9%
\$2,250,000	\$45,500	\$337,500	\$383,000	17.0%
\$2,500,000	\$53,000	\$375,000	\$428,000	17.1%
\$2,750,000	\$60,500	\$412,500	\$473,000	17.2%
\$3,000,000	\$68,000	\$450,000	\$518,000	17.3%
\$4,000,000	\$98,000	\$600,000	\$698,000	17.5%
\$5,000,000	\$128,000	\$750,000	\$878,000	17.6%
\$6,000,000	\$158,000	\$900,000	\$1,058,000	17.6%
\$7,000,000	\$188,000	\$1,050,000	\$1,238,000	17.7%
\$8,000,000	\$218,000	\$1,200,000	\$1,418,000	17.7%
\$9,000,000	\$248,000	\$1,350,000	\$1,598,000	17.8%
\$10,000,000	\$278,000	\$1,500,000	\$1,778,000	17.8%

Keirstead, Zoe FIN:EX

From: Menzies, Brian FIN:EX
Sent: Monday, July 25, 2016 6:40 PM
To: Keirstead, Zoe FIN:EX
Subject: Print for MdJ
Attachments: 2ND Reading Notes - DRAFT 3.docx; ATT00001.htm

Keirstead, Zoe FIN:EX

From: Hosseinzadeh, Nick <Nick.Hosseinzadeh@leg.bc.ca>
Sent: Monday, July 25, 2016 6:54 PM
To: Keirstead, Zoe FIN:EX
Subject: FW: REBGV statement on the announcement of a 15 per cent foreign buyer tax

Hey Zoe!

Any clarification available?

Thx,

N

From: s.22
Sent: July 25, 2016 5:30 PM
To: Thornthwaite.MLA, Jane <Jane.Thornthwaite.MLA@leg.bc.ca>
Subject: Fwd: REBGV statement on the announcement of a 15 per cent foreign buyer tax

Hi Jane,

What does "effective August 2nd" mean for the foreign buyer tax? Deals written from August 2nd? Deals closing from August 2nd? Surely it can't mean for deals that were written before the legislation? That would be totally unfair to ANY buyer who all of a sudden has to pay an extra 15%. Surely it's on all deals written from August 2nd onwards.

It's a good tax by the way!

Cheers,

s.22

Begin forwarded message:

From: "REBGV Communications" <communications@rebqv.org>

Subject: REBGV statement on the announcement of a 15 per cent foreign buyer tax

Date: July 25, 2016 at 4:36:33 PM PDT

To: s.22

July 25, 2016

We sent the following statement to our media contacts today:

REBGV statement on the announcement of 15 per cent foreign buyer tax

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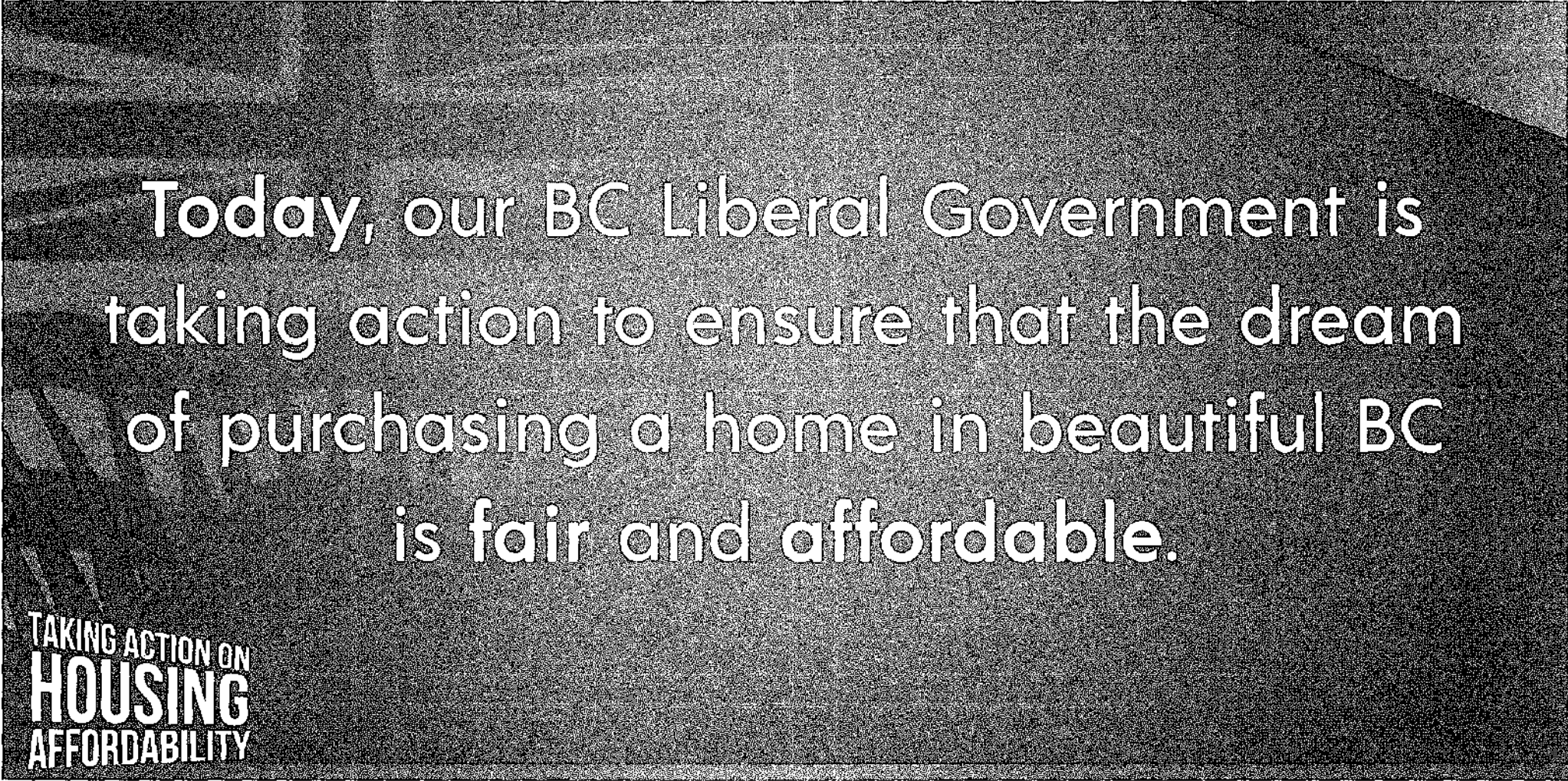
ay, our BC Liberal Government
g action to ensure that the d
urchasing a home in beautiful
is fair and affordable.

TAKING ACTION ON
HOUSING
AFFORDABILITY

Purchasing
a home in
British Columbia
needs to be
fair and
protected.



**Taking Action on
Housing Affordability**



Today, our BC Liberal Government is taking action to ensure that the dream of purchasing a home in beautiful BC is fair and affordable.

TAKING ACTION ON
HOUSING
AFFORDABILITY