

FACT SHEET

Date

Ministry of Finance

Increased School Tax Rate on Homes over \$3 Million

Effective for the 2019 tax year, the Province is introducing an increased school tax rate on high-valued residential properties.

The increased school tax rate on homes over \$3 million will apply to approximately 2% of homes in B.C.

The new tax rates are as follows:

Value above \$3 million up to \$4 million	0.2%
Value over \$4 million	0.4%

This increased tax applies to the portion of a residential property's taxable assessed value that exceeds \$3 million. In the case of a mixed-use property, only the residential portion is subject to the tax.

Here are some examples of how the increased school tax rate applies the value of homes over \$3 million.

\$3.5-Million Home

The owner would pay the increased school tax at the following rate:

\$500,000 (which is the value above \$3M) x 0.2% = **\$1,000** in increased school tax

\$4.5-Million Home

The owner would pay increased school tax at the following rates:

\$1M (which is the value above \$3M) x 0.2% =	\$2,000
\$500,000 (which is the value above \$4M) x 0.4% =	\$2,000
Total increased school tax =	\$4,000

\$8-Million Home

The owner would pay increased school tax at the following rates:

\$1M (which is the value above \$3M) x 0.2% =	\$2,000
\$4M (which is the value above \$4M) x 0.4% =	\$16,000
Total increased school tax =	\$18,000

Budget 2018 estimates the increased school tax will raise an additional \$50 million in 2018/19 and \$200 million in 2019/20.

Protecting Rentals

Rental apartment buildings are not subject to the new school tax rates.

The legislation specifies that properties with accommodation for four or more families are not subject to the tax.

School Tax – Not Just for Schools

The school tax is the Province's largest property tax. The school tax applies to all residential class properties in B.C. It is calculated based on each property's assessed value.

In 2019, the total revenue from property taxes is estimated to raise \$1.121 billion (after home owner grants).

The school tax in its current form has been in place in B.C. since the 1990s. The current rate setting policy has been in place since 2003.

Since the change in the early 1990s, there has been no direct link between the school tax and the funding of provincial education costs. The revenue raised from the school tax goes into general revenues. Revenue from the school tax does not cover the Province's costs for K-12 education.

Determining the Basic School Tax Rate

Residential class school tax rates vary by school district, according to the formula established in the early 1990s.

Since 2003, the policy has been to set tax rates so that the tax on the average home in the province increases from the previous year only by inflation. As average home values tend to increase faster than inflation each year, provincial school tax rates tend to decline every year.

While the tax on the average home increases only by inflation, there will be variations among school districts and within school districts. If the average home values in a school district grow faster than the provincial average, that school district will see an increase tax on its average home greater than the rate of inflation. If values in a school district decrease or rise slower than the provincial average, that district will have a decrease in tax on its average home or an increase smaller than the rate of inflation.

This is part of a progressive tax system, and results in more tax revenue from higher-valued properties.

Table 1: Additional school tax on homes over \$3M

**MINISTRY OF FINANCE
QUESTION AND ANSWERS**

ISSUE: SCHOOL PROPERTY TAX – OVER \$3 MILLION

ADVICE AND RECOMMENDED RESPONSE:

- The additional school property tax is applied on the value of specified “dwelling property” on the amount of value above \$3 million.
- The tax will begin in 2019 ^{s.13}
s.13
- A tax rate of 0.2 per cent applies on any amount between \$3 million and \$4 million, and a tax rate of 0.4% applies on any amount above \$4 million.
- “Dwelling property” is property in class 1, residential class, that is:
 - Vacant, but not in the Agricultural Land Reserve,
 - A farm dwelling,
 - A house, with or without a suite or laneway home, or an un-stratified duplex or triplex, or
 - A stratified residence such as a condo unit or a townhouse.

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KEY FACTS:

- Budget 2018 forecasts revenue of \$50 million in fiscal year 2018/19 and \$200 million in fiscal year 2019/20.
- The tax will apply to about 37,000 properties, or about 2.3 per cent of residential properties in the province.

Note for tables which follow: Data is overstated in farming areas because farm improvements are in the data but are not taxable.

Contact: Richard Purnell
Division: Tax Policy Branch
File Name: Estimates 2018 - School Property Tax over 3 Million

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Page: 1 of 3

**MINISTRY OF FINANCE
QUESTION AND ANSWERS**

**Additional school tax on homes and residential-class vacant land
over \$3 million (starts in 2019)**

	Tax Payable		
thresholds	\$3,000,000	\$4,000,000	
rates	0.2%	0.4%	
\$ Home Value	tax step 1	tax step 2	total tax
2,000,000	\$0	\$0	\$0
3,000,000	\$0	\$0	\$0
3,500,000	\$1,000	\$0	\$1,000
4,000,000	\$2,000	\$0	\$2,000
5,000,000	\$2,000	\$4,000	\$6,000
6,000,000	\$2,000	\$8,000	\$10,000
10,000,000	\$2,000	\$24,000	\$26,000
25,000,000	\$2,000	\$84,000	\$86,000
100,000,000	\$2,000	\$384,000	\$386,000

Details for the graph below are on the next page

Contact: Richard Purnell
Division: Tax Policy Branch
File Name: Estimates 2018 - School Property Tax over 3 Million

Phone: 778 698-5864
Page: 2 of 3

Page 005

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PROVISION AS AMENDED

School Act

Section of the Act changed add in here

Definitions for the Division

117.1 (1) In this Division:

“**additional school tax**” means tax imposed under section 120.1;

“**assessor**” means an assessor appointed under the *Assessment Authority Act*;

“**class 1 property**” means property that is assessed as property in the class 1 property class under the *Assessment Act*;

“**class 9 property**” means land that is assessed as property in the class 9 property class under the *Assessment Act*;

“**dwelling property**” *Note to Minister: for definition and description turn page*

“**general school tax**” means tax imposed under section 119;

“**property**” means property as defined in the *Assessment Act*;

“**property class**” means a class of property prescribed by the Lieutenant Governor in Council under section 19 (14) of the *Assessment Act*;

“**threshold amount**” means an applicable amount under section 120.1 (4) (a) or (b) or (5) [*determination of taxable amounts and threshold amounts*].

continued...

Page 007

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School Act

117.1 (1) In this Division:

...

“dwelling property” means the following class 1 property:

- (a) land that is outside an agricultural land reserve as defined in section 1 (1) of the *Agricultural Land Commission Act* and that is determined by the assessor to have no present use;
- (b) improvements on land that is not class 1 property if the improvements are used or intended to be used as a residence;
- (c) land and improvements on the land, if
 - (i) any of the improvements are used or intended to be used as a residence for 3 or fewer families, and
 - (ii) the improvements do not consist of a strata lot;
- (d) land and improvements that consist of a strata lot that is used or intended to be used as a residence,

but does not include the following:

- (e) property referred to in paragraph (b), (c) or (d) of this definition if the property includes a living accommodation described in section 4 (a), (b), (f) or (g) [*what the Act does not apply to*] of the *Residential Tenancy Act*;
- (f) a prescribed type or class of property;
- (g) property used for a prescribed purpose;
- (h) property owned by a person in a prescribed class of persons;

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Page 009

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School Act

...Definitions for the Division

117.1

...

- (2) The Lieutenant Governor in Council may make regulations respecting any matter for which regulations are contemplated by the definition of “dwelling property” in subsection (1).
- (3) Despite section 74 (5) [*order or regulation affecting the assessment roll*] of the *Assessment Act*, regulations made under subsection (2) of this section may be made retroactive to the extent necessary to apply for the 2019 or 2020 taxation year, as applicable, if the regulation is made on or before December 31 of the applicable taxation year.

Page 011

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PROVISION AS AMENDED

School Act

Provincial levy of tax on land and improvements

119 (1) In order to raise revenue to finance the Provincial funding and the debt service expenses of boards, the Province may levy a ~~school~~ tax equal to the net taxable value of the land and improvements multiplied by the appropriate rate determined under subsection (3).

(2) The minister of finance must determine the total amount to be raised by ~~school taxes under this Act~~ taxes under this section on land and improvements from ~~each class of property~~ each property class in all school districts.

(3) On or before May 4 in each year, the Lieutenant Governor in Council must determine rates to be applied to the net taxable value of all land and improvements in each school district in order to raise the amount referred to in subsection (2).

(4) The rates to be determined under subsection (3) may differ
(a) in respect of each school district, and
(b) for different parts of the school district.

~~(5) The net taxable value of land and improvements must be determined under the Assessment Act and this Act.~~

~~(6) On or before May 10 in each year, the minister of revenue must send to the collector in each municipality a notice setting out~~

~~(a) the net taxable values of land and improvements in the municipality as certified under the Assessment Act,~~

~~(b) the amount to be raised by school taxes under this Act in that municipality,~~

~~(b.1) the total amount of credits to which owners in that municipality are entitled under sections 131.2 [provincial industrial property tax credit] and 131.3 [provincial farm land tax credit],~~

~~(b.2) the net amount to be raised by school taxes under this Act in that municipality after the deduction of the amount referred to in paragraph (b.1), and~~

~~(c) the rates determined by the Lieutenant Governor in Council under subsection (3);~~

~~(7) If a municipality is contained within the boundaries of more than one school district, the notice under subsection (6) must set out, for each part of the municipality, the net taxable values, the amount to be raised and the rates that are applicable to each school district within which that part of the municipality is contained.~~

(8) [Repealed 2003-23-79.]

(9) The Lieutenant Governor in Council must adopt a variable tax rate system for the purpose of determining tax rates under subsection (3).

(10) For the purposes of subsection (9), "variable tax rate system" means a system under which individual tax rates are determined and imposed for each property class.

Page 014 to/à Page 015

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PROVISION AS AMENDED

School Act

~~Variable tax rate system for taxation~~

~~120~~ (1) In this section:

~~"property class"~~ means a class of property prescribed by the Lieutenant Governor in Council under section 19 of the *Assessment Act*;

~~"variable tax rate system"~~ means a system under which individual tax rates are determined and imposed for each property class;

~~(2) The Lieutenant Governor in Council must adopt a variable tax rate system for the purpose of determining tax rates for land and improvements under section 119 (3).~~

Technical Note:

“Variable tax rate system” means a system under which individual tax rates are determined and imposed for each property class. Tax rates can be different for different classes of property.

PROVISION AS AMENDED

School Act

Additional school tax

- 120.1** (1) This section applies to the 2019 and subsequent taxation years.
- (2) In order to raise revenue to finance the Provincial funding and the debt service expenses of boards, the Province may, in addition to the tax levied under section 119 [*imposition of general school tax*], levy a tax in accordance with this section.
- (3) An owner of dwelling property must, for a taxation year, pay tax in an amount equal to the sum of the following:
- (a) the amount that is, as applicable,
 - (i) 0.2% of the taxable amount determined under subsection (4) for the taxation year, or
 - (ii) if a lower rate of tax is prescribed for a taxation year for the purposes of this paragraph, the prescribed rate of tax multiplied by the taxable amount;
 - (b) the amount that is, as applicable,
 - (i) 0.4% of the taxable amount determined under subsection (5) for a taxation year, or
 - (ii) if a lower rate of tax is prescribed for a taxation year for the purposes of this paragraph, the prescribed rate of tax multiplied by the taxable amount.
- (4) For the purposes of subsection (3) (a) (i), the taxable amount for a taxation year in respect of the dwelling property is the amount of the net taxable value of the dwelling property
- (a) that exceeds, as applicable, \$3 000 000 or a greater amount prescribed, if any, and
 - (b) that does not exceed, as applicable, \$4 000 000 or a greater amount prescribed, if any.
- (5) For the purposes of subsection (3) (b) (i), the taxable amount for a taxation year in respect of the dwelling property is the amount by which the net taxable value of the dwelling property exceeds \$4 000 000 or a greater amount prescribed, if any.

Split page here

(6) The Lieutenant Governor in Council may make regulations as follows:

- (a) for the purposes of subsection (3) (a) (ii), prescribing a rate of tax that is lower than 0.2% or prescribing a nil rate;
 - (b) for the purposes of subsection (3) (b) (ii), prescribing a rate of tax that is lower than 0.4% or prescribing a nil rate;
 - (c) for the purposes of subsection (4) (a), prescribing, for a taxation year, a threshold amount that is not lower than \$3 000 000;
 - (d) for the purposes of subsections (4) (b) and (5), prescribing, for a taxation year, a threshold amount that is not lower than \$4 000 000.
- (7) A regulation under subsection (6) must be made on or before May 4 of the taxation year in which the rate of tax or threshold amount, as the case may be, is to apply.

Page 020 to/à Page 022

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PROVISION AS AMENDED

School Act

Determining net taxable value

- 120.2** The net taxable value of land and improvements must be determined by the assessor in accordance with the *Assessment Act* and this Act.

Page 024

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PROVISION AS AMENDED

School Act

Notice to municipal collector

- 120.3** (1) On or before May 10 in each year, the minister of revenue must send to the collector in each municipality a notice setting out all of the following information:
- (a) the net taxable value of land and improvements in the municipality as certified under the *Assessment Act*;
 - (b) the amount to be raised by general school taxes in the municipality;
 - (c) the total amount of credits to which owners in the municipality are entitled under section 131.2 [*provincial industrial property tax credit*] and section 131.3 [*provincial farm land tax credit*];
 - (d) the net amount to be raised by general school taxes in the municipality after the deduction of the amount referred to in paragraph (c);
 - (e) the rates determined for the taxation year by the Lieutenant Governor in Council under section 119 (3) [*tax rates for general school tax*];
 - (f) the amount to be raised by additional school taxes in the municipality;
 - (g) the rates and threshold amounts applicable under section 120.1 [*imposition of additional school tax*] for the taxation year.
- (2) If a municipality is contained within the boundaries of more than one school district, the notice under subsection (1) must, in relation to general school taxes, contain all of the following information for each part of the municipality:
- (a) the net taxable value of land and improvements in that part of the municipality;
 - (b) the amount of general school taxes to be raised in that part of the municipality;
 - (c) the rates that are applicable to each school district within which that part of the municipality is contained.

Page 026

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PROVISION AS AMENDED

School Act

Collection of school taxes by municipality

124 ~~(1) In this section, "**school taxes**" does not include any penalty or interest that has been charged on the school taxes.~~

(1) In this section, "**additional school taxes**", "**general school taxes**" and "**school taxes**" do not include any penalty or interest that has been charged on those taxes.

(2) In each taxation year, each municipality ~~collecting taxes~~ collecting school taxes on behalf of the government under this Act must pay to the minister of finance

(a) ~~instalments prescribed~~ instalments of general school taxes, or additional school taxes, or both, prescribed by regulation of the Lieutenant Governor in Council, and

(b) subject to subsections (6), (7) and (9), ~~on the fifth business day~~ on the tenth business day after the calendar year end of each year the balance of all taxes imposed under this Act, whether or not they have been collected.

[...]

Add new text here for (9) (10_ and (11)

~~(9) A municipality may deduct, in the manner and at the times prescribed in the regulations, from instalments of taxes payable under subsection (2) the amount of home owner grants certified under section 12 (1) of the *Home Owner Grant Act*.~~

(10) Subject to sections 118 (3) and 125 (5), a municipality may deduct, in the manner and at the times directed by the minister of revenue, from school taxes payable under this section for the current taxation year or a subsequent taxation year an administration fee prescribed by the Lieutenant Governor in Council.

(11) The prescribed fee referred to in subsection (10) may be different with respect to different classes of property.

Page 028

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PROVISION AS AMENDED

School Act

Application of other Acts for municipalities

127 (1) Subject to this Act and the *Assessment Act*, the following Acts apply to the assessment, levy, collection and recovery of taxes imposed under this Act in a municipality within a school district, and to the addition of penalties and interest on taxes that are in arrears or are delinquent, in the same manner as taxes imposed under those Acts:

- (a) *Community Charter*;
- (b) *Local Government Act*;
- (c) *Vancouver Charter*.

~~(2) All school taxes when levied must, on collection by a municipality, be accounted for as school taxes.~~

(2) All school taxes when levied must, on collection by a municipality, be separately accounted for as general school taxes or additional school taxes, as the case may be.

(3) All school referendum taxes when levied must, on collection by a municipality, be accounted for as school referendum taxes.

Page 030

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PROVISION AS AMENDED

School Act

General provisions on collection of school taxes

128

(2) The collector of each municipality or the Surveyor of Taxes must prepare and mail a notice, setting out the tax payable under this Act, to each person named on the real property tax roll or assessment roll as an assessed owner in the municipality or rural area, if any, contained in the school district.

[...]

(4) The notice under subsection (2) must set out

(a) the total amount of general school taxes levied on each property by the Province,

(a.1) the amount of any credit to which the assessed owner is entitled under section 131.2 [*provincial industrial property tax credit*] of this Act,

(a.2) the amount of any credit to which the assessed owner is entitled under section 131.3 [*provincial farm land tax credit*] of this Act,

(b) the net amount of school taxes payable by the assessed owner after deduction of

(i) any grant to which the assessed owner may be eligible under the *Home Owner Grant Act*, or

(ii) the amounts of the credits referred to in paragraphs (a.1) and (a.2) of this subsection, and

(b.1) the total amount of additional school taxes, if any, levied on dwelling property by the Province, and .

(c) the total amount of school referendum taxes levied by a board.

Page 032

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PROVISION AS AMENDED

School Act

Taxation of school property

129 ~~(1) In this section, "property" means property as defined in the *Assessment Act*.~~

(2) Despite any other enactment, property in which a board has an ownership interest is exempt from taxation if it is

(a) vacant,

(b) used in whole or in part for a school,

(c) used in whole or in part for a purpose ancillary to the operation of a school,

(d) used in whole or in part by the board as a residence, if the residence is available exclusively to the following individuals and the individuals with whom they reside:

(i) students attending a school within the board's school district;

(ii) employees of the board,

(e) leased by the board to an authority within the meaning of the *Independent School Act* and used in whole or in part for an independent school including any purpose ancillary to the operation of the independent school,

(e.1) leased by the board to a francophone education authority and used in whole or in part for a francophone school including any purpose ancillary to the operation of the francophone school, or

(f) exempted from tax by a bylaw under section 224 [*general authority for permissive exemptions*] of the *Community Charter* by the council of the municipality in which the property is located.

Page 034

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PROVISION AS AMENDED

School Act

Agricultural land reserve exemption

130

(1) Subject to this section, 50% of the assessed value of a parcel of land is exempt from taxation under this Act if

~~(a) the parcel of land is classified as a farm under the Assessment Act, or~~

(a) the parcel of land is class 9 property, or, and

(b) the parcel of land is in an agricultural land reserve that is established under the *Agricultural Land Commission Act*, is subject to sections 18 to 20 and 28 of that Act and is used in one or more of the ways set out in subsection (2) of this section.

(2) The parcel of land referred to in subsection (1) (b) must be

(a) vacant and unused,

(b) used for a farm or residential purpose, or

(c) used for a purpose prescribed by the Lieutenant Governor in Council.

(3) If only a portion of a parcel meets the requirements for exemption under this section, only that portion is eligible for the exemption.

(4) Subsection (1) (b) does not apply to a parcel of land that

~~(a) is classified in a property class, as defined in section 120(1),~~

**is assessed in a property class that is prescribed by the
Lieutenant Governor in Council for the purposes of this
section, or**

(b) is used for a purpose prescribed by the Lieutenant Governor in Council.

Page 036

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PROVISION AS AMENDED

Other exemptions

131 (1) Subject to this Act, property that is in a municipal area of a school district and that is exempt from property taxation under the *Community Charter* or the *Vancouver Charter*, as the case may be, is also exempt from taxation under this Act.

[...]

(9) ~~Despite subsection (1)~~ **Despite subsection (1) but subject to section 131.01**, property that is exempted under

(a) section 226 *[revitalization tax exemptions]* of the *Community Charter*, or

(b) section 396E *[revitalization tax exemptions]* of the *Vancouver Charter*

is not exempted from taxation under this Act

Page 038

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s.13

Vancouver Charter

131.01 (1) In this section:

“exemption certificate”, in relation to a qualifying rental property, means the exemption certificate referred to in subsection (4) (c);

“qualifying rental property” means land and improvements that are class 1 property if the improvements

- (a) do not consist of strata lots,
- (b) include at least 5 rental units that have been, since the date an exemption certificate was issued,
 - (i) newly constructed or placed on the land, or
 - (ii) created as the result of a substantial renovation of existing improvements, and
- (c) meet the requirements prescribed by the Lieutenant Governor in Council, but does not include
- (d) land or improvements, or both, that are used for a purpose prescribed by the Lieutenant Governor in Council, or
- (e) a type or class of land or improvements, or both, prescribed by the Lieutenant Governor in Council;

“rental unit” means a rental unit as defined in section 1 of the *Residential Tenancy Act*, if the rental unit is subject to that Act, and includes

- (a) a living accommodation described in section 4 (b), (f) and (g) [*what the Act does not apply to*] of the *Residential Tenancy Act*, or
- (b) land or improvements, or both, prescribed by the Lieutenant Governor in Council;

“revitalization tax exemption”, in relation to a qualifying rental property, means the applicable revitalization tax exemption referred to in subsection (4) (a);

“substantial renovation”, in relation to existing improvements, means a renovation of the improvements to such an extent that all or substantially all of the improvements have been removed or replaced, other than structural components, which include, without limitation, the roof, the foundation, external walls, interior supporting walls, floors and staircases.

- (2) Words and expressions used in this section in relation to a revitalization tax exemption under section 226 [*revitalization tax exemptions*] of the *Community Charter* have the same meaning as in that section.
- (3) Words and expressions used in this section in relation to a revitalization tax exemption under section 396E [*revitalization tax exemptions*] of the *Vancouver Charter* have the same meaning as in that section.

Page 040

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(4) Qualifying rental property is, for a taxation year, exempt from taxation under this Act, in accordance with subsection (5), if all of the following apply:

- (a) the qualifying rental property, or property of which the qualifying rental property is a part, is, for the taxation year, subject to a revitalization tax exemption under section 226 of the *Community Charter* or section 396E of the *Vancouver Charter*, as applicable;
 - (b) the creation of new rental housing is one of the reasons for or one of the objectives of the applicable revitalization tax exemption as set out in the applicable
 - (i) revitalization program bylaw under section 226 of the *Community Charter*, or
 - (ii) revitalization program by-law under section 396E of the *Vancouver Charter*;
 - (c) an exemption certificate for property subject to the applicable revitalization tax exemption was issued after February 20, 2018, under section 226 (8) of the *Community Charter* or section 396E (10) of the *Vancouver Charter*, as applicable;
 - (d) all of the rental units in the qualifying rental property
 - (i) are rented or offered for rent only for a period of at least one month, and
 - (ii) when occupied, are occupied by a tenant who is not required to vacate the rental unit at the end of the first month;
 - (e) on or before October 31 of the taxation year immediately preceding the first taxation year for which the exemption under this section is to apply, the owner of the qualifying rental property notifies the assessor that the rental units are ready for occupancy.
- (5) The exemption for qualifying rental property for a taxation year is calculated as follows:

$$VRSTE = \frac{VRTE}{TAV} \times AVQRP$$

where

VRSTE is the value of the revitalization school tax exemption under this section;

VRTE is the value of the applicable revitalization tax exemption;

TAV is the total assessed value of the parcel of land, together with improvements, that is subject to the applicable revitalization tax exemption;

AVQRP is the assessed value of the qualifying rental property.

Page 042

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PROVISION AS AMENDED

School Act

Section of the Act changed add in here

131.3 (1) Repealed

Provincial farm land tax credit

131.3 (1) In this section, "**class 9 property**" means land that is assessed as property in the class 9 property class under the *Assessment Act*.

Page 044

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PROVISION AS AMENDED

School Act

Power to make regulations and orders

175 (1) The Lieutenant Governor in Council may make regulations referred to in section 41 of the *Interpretation Act*.

(2) Without limiting subsection (1), the Lieutenant Governor in Council may make regulations as follows:

[...]

(l) varying the dates or times referred to in sections 106.2, 106.3, 110, 112, 113, ~~119 (3) and (6) and 137~~; 119(3), 120.1(7), 120.3 (1) and 137.

Page 046

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School Act
SECTIONS

PROVISION AS AMENDED

School Act

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Page 049

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PROVISION AS AMENDED

School Act

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Page 051 to/à Page 052

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PROVISION AS AMENDED

School Act

Section of the Act changed add in here

Page 054

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s.13

PROVISION AS AMENDED

School Act

Section of the Act changed add in here

Section 120 is repealed

Page 056

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PROVISION AS AMENDED

School Act

Section of the Act changed add in here

120.1

Page 058 to/à Page 059

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School Tax admin fee after additional school tax

April 12, 2018, Liam will take the lead on this.

Note: this is different than school tax remitting regulation (in a nearby folder)

April 13, 2018 draft.

SCHOOL TAX ADMINISTRATION FEE REGULATION

Administration Fee

- 1 The administration fee allowed to each municipality for the purposes of section 124 (10) of the *School Act* is \$2 000 plus 0.1% of the total amount of general school taxes and additional school taxes to be raised for the current year as set out in the notice issued to the municipal collector under section 120.3 of that Act.

Page 061 to/à Page 063

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s.13

School Act

SECTIONS

NOTE: All School act consequential amendments are done and are in /Legislation/ Committee Notes

Property Tax and PTT Qs and As

Budget 2018

Property Taxes

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Page 066

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School Act: Additional School Tax

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Page 068 to/à Page 069

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Revenue Binder Note Excerpts

SCHOOL ACT **SCHOOL TAX SURTAX ON EXPENSIVE HOMES**

I. ISSUE

Whether to create a surtax on expensive homes through the provincial School Tax.

II. BACKGROUND

The Province is estimated to receive approximately \$1.7 billion in residential school property tax in 2016/17, before the cost of home owner grants.

Residential school tax applies to all residential folios in B.C., and uses the assessed value of each folio as the tax base. School tax rates varying by school district, according to a tax rate formula. The formula results in higher-valued school districts having a lower tax rate, but paying more tax due to higher assessed values.

The Province has limited increases in school property tax per residential folio to the rate of inflation since 2003. Hence Provincial revenues have grown at the rate of inflation plus revenue from any new residential construction. Municipalities have as a rule also limited increases to their property taxes on residential properties.

Roughly half of residential school property taxes, or around \$800 million, are returned to homeowners through home owner grants. To be eligible for a home owner grant, you must be a Canadian citizen or permanent resident who owns and lives in their home as a principal residence in B.C. The basic grant is worth \$570, with additional amounts available to seniors, disabled persons, veteran's spouses and those in rural areas. The grant is phased out for homes valued above \$1.6 million. Foreign residents are not eligible for the grant

s.13

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The following charts
show the rapid growth in expensive homes in B.C. in recent years:

Page 071 to/à Page 074

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s.13

(5.1) Despite subsection (2), the collector of each municipality may provide a notice to a taxpayer other than by mail, in accordance with any applicable legislation.

128(6) Subject to sections 124 (10) and 137 (2), a municipality must not, directly or indirectly, charge a fee to a taxpayer or the government to cover the cost of

- (a) assessment and collection of taxes under this Act,
- (b) interest on money paid to a board in advance of collection of taxes, or
- (c) losses that have occurred through the failure to collect taxes.

131 (1) Subject to this Act, property that is in a municipal area of a school district and that is exempt from property taxation under the Community Charter or the Vancouver Charter, as the case may be, is also exempt from taxation under this Act.

(2) Land is exempt from taxation under this Act if the land is included in a timber lease or timber licence issued under an enactment of British Columbia or of Canada

- (a) for which a stumpage, as defined in the Forest Act, has not been reserved or not made available to the government, or
- (b) which is held for the specific purpose of cutting and removing timber, and for no other purpose while so held.

(3) Subject to subsection (4), if property in a rural area of a school district is exempt from taxation under the Taxation (Rural Area) Act, the property is also exempt from taxation under this Act to the extent of the exemption provided under the Taxation (Rural Area) Act.

(4) The following are subject to taxation under this Act:

- (a) a dwelling referred to in section 15 (1) (f) or (f.1) of the Taxation (Rural Area) Act;

TRAA 15 (f) improvements consisting of buildings, fixtures and things erected on or affixed to land necessarily and actually used for agriculture, horticulture, poultry raising or stock raising, including a farmer's dwelling, that have been assessed on farm land;
(f.1) an owner's dwelling as defined in section 23 (0.1) of the Assessment Act on land that is classified as a farm under section 23 (3.1) of that Act; *[is owners dwelling or dwelling of a retired farmer]*

s.13

(b) farm improvements, other than a dwelling referred to in paragraph (a), that are exclusively used to operate a farm but only to the extent that the aggregate of their assessed values exceeds the greater of the following:

- (i) 87.5% of the aggregated assessed value;
- (ii) \$50 000.

(5) Despite subsection (1), property that is exempted under section 225 [partnering and other exemptions] of the Community Charter or section 396 [tax exemptions under partnering agreement] of the Local Government Act in relation to

- (a) a partnering agreement under the applicable Act,
- (b) a golf course, or
- (c) a cemetery, mausoleum or columbarium,

is not exempt from taxation under this Act unless exempted under subsection (6) or (8) of this section.

(6) The Lieutenant Governor in Council may make regulations exempting property referred to in subsection (5) from taxation under this Act.

(7) Regulations under subsection (6) may

- (a) provide an exemption for all or part of the property that is exempted under the Community Charter or the Local Government Act,
- (b) provide an exemption for all or part of the term of the exemption under the Community Charter or the Local Government Act, and
- (c) be different for different classes or uses of property, different classes of owner and different classes of partnering agreements.

(8) The Lieutenant Governor in Council may, by order in relation to property referred to in subsection (5) that is specified in the order, exempt all or part of the property from taxation under this Act and may provide the exemption for all or part of the term of the exemption under the Community Charter or the Local Government Act.

(9) Despite subsection (1), property that is exempted under

- (a) section 226 [revitalization tax exemptions] of the Community Charter, or
- (b) section 396E [revitalization tax exemptions] of the Vancouver Charter

is not exempted from taxation under this Act.

The following sections will not apply to the surtax

School tax exemptions and refunds for approved and eligible alternative energy power projects

131.1 (1) In this section, "power project" and "supply" have the same meaning as in section 1 of the Hydro and Power Authority Act.

(2) The Lieutenant Governor in Council may

- (a) establish and approve one or more classes of alternative energy power projects for the purposes of this section, and
- (b) in respect of one or more power projects or types of power projects, within a class of alternative energy power projects approved under paragraph (a), make regulations providing for

- (i) exemptions from school taxes, and
- (ii) refunds of school taxes paid.

(3) A regulation providing an exemption from school taxes under subsection (2) (b) (i) may, as the Lieutenant Governor in Council considers advisable,

- (a) designate one or more power projects or types of power projects, within a class of alternative energy power projects approved under subsection (2) (a), as eligible for the exemption,
- (b) limit the exemption to newer power projects, and for that purpose establish what constitutes a newer power project,
- (c) limit the exemption to specified types of land, improvements or both, that are used, or will be used at a future time, for or in connection with the generation or supply of power,

- (d) establish the conditions on which and prescribe the manner in which the exemption may be provided, and
- (e) provide differently for different power projects or types of power projects.
- (4) The Lieutenant Governor in Council may make a regulation providing an exemption under this section retroactive to the extent necessary to apply for the purposes of the 2005 taxation year.
- (5) A regulation may not be made under subsection (4) after December 31, 2005.
- (6) A regulation providing a refund of school taxes under subsection (2) (b) (ii) may, as the Lieutenant Governor in Council considers advisable,
 - (a) designate one or more power projects or types of power projects, within a class of alternative energy power projects approved under subsection (2) (a), in respect of which the refund may be provided,
 - (b) limit the refund to newer power projects, and for that purpose establish what constitutes a newer power project,
 - (c) limit the refund to school taxes paid by the taxpayer in respect of specified types of land, improvements or both,
 - (d) establish the conditions on which and prescribe the manner in which the refund may be provided to the taxpayer, and
 - (e) provide differently for different power projects or types of power projects.
- (7) School tax refunds provided under this section must be paid out of the consolidated revenue fund.

Provincial industrial property tax credit

131.2 (1) In this section:

"class 4 property" means property that is assessed as property in the class 4 property class under the Assessment Act;

"class 5 property" means property that is assessed as property in the class 5 property class under the Assessment Act.

(2) For the 2009 and 2010 taxation years, an owner of class 4 property or class 5 property is entitled to a credit equal to 50% of the school taxes levied in the taxation year on the class 4 property or class 5 property.

(2.1) For the 2011, 2012 and 2013 taxation years, an owner of class 4 property or class 5 property is entitled to a credit equal to 60% of the school taxes levied in the taxation year on the class 4 property or class 5 property.

(2.2) For the 2014 and subsequent taxation years, an owner of class 4 property is entitled to a credit equal to 60% of the school taxes levied in the taxation year on the class 4 property.

(3) For the purpose of calculating the school taxes payable under this Act by an owner entitled to a credit under subsection (2), (2.1) or (2.2), the collector for the municipality or the Surveyor of Taxes must deduct the amount of the credit from the school taxes otherwise payable under this Act by the owner.

Provincial farm land tax credit

131.3 (1) In this section, "class 9 property" means land that is assessed as property in the class 9 property class under the Assessment Act.

(2) For the 2011 and subsequent taxation years, an owner of class 9 property is entitled to a credit equal to 50% of the school taxes levied in the taxation year on the class 9 property.

(3) For the purpose of calculating the school taxes payable under this Act by an owner entitled to a credit under subsection (2), the collector for the municipality or the Surveyor of Taxes must deduct the amount of the credit from the school taxes otherwise payable under this Act by the owner.

Corporations

132 Corporations must be assessed and taxed as other persons under this Act.

Assessor may require information in rural area

133 A person liable to assessment and taxation under this Act in respect of land and improvements in a rural area of a school district must, within 21 days after receiving a request from the assessor, make and file a return in the form approved by the assessor, detailing the nature, amount and value of all land and improvements in respect of which the person is liable to assessment.

Collector to apply *Taxation (Rural Area) Act*

134 The Surveyor of Taxes must apply the *Taxation (Rural Area) Act* to the taxation of property under this Act in rural areas, and in so doing must tax the property on a supplementary assessment roll prepared under the Assessment Act at the same rates of taxation as are charged against property assessed for school purposes in that school district for the corresponding period under this Act.

Appeal

135 Every person assessed in a rural area of a school district under this Act has the same rights of appeal on the person's real property assessment as are provided for by the Taxation (Rural Area) Act and Assessment Act.

B.C. Reg. 138/91
O.C. 604/91

Deposited May 3, 1991

This archived regulation consolidation is current to August 25, 2006 and includes changes enacted and in force by that date. For the most current information, click [here](#).

School Act

School Tax Administration Fee Regulation

Administration fee

1 Subject to section 2, commencing in the 1991 taxation year the administration fee allowed to each municipality for the purpose of section 124 (10) of the *School Act* shall be \$2 000 plus 0.1% of the current year school tax amount contained in the notice issued to the municipal collector under section 119 (6) (b) of the *School Act*.

Administration fee for the 1991 taxation year

2 For the purpose of the 1991 taxation year, the administration fee allowed to each municipality shall be the greater of

(a) the amount calculated under section 1, or

(b) 0.25% of the amount of 1990 non-residential school tax for the municipality based upon assessed values in place at December 31, 1990.

[Provisions of the *School Act*, R.S.B.C. 1996, c. 412, relevant to the enactment of this regulation: section 124 (10)]

Indian Self Government Enabling Act

s.13

"Provincial taxing authority" means

- (a) the Minister of Finance, on behalf of the government, under the Taxation (Rural Area) Act or the School Act,
- (b) a municipality or regional district,
- (c) an improvement district as defined in the Local Government Act,
- (d) a regional hospital district board,
- (e) a board of school trustees under the School Act,
- (f) a library board as defined in the Library Act,
- (g) a regional transit commission established under the British Columbia Transit Act,
- (g.1) the South Coast British Columbia Transportation Authority under the South Coast British Columbia Transportation Authority Act, and
- (h) any other local or Provincial public authority that
- (i) is authorized under an enactment either to impose real property taxes itself or to receive revenue from real property taxes imposed or collected for it by the Surveyor of Taxes or by a municipality, and
- (ii) has been prescribed to be a designated Provincial taxing authority for the purpose of this definition, and includes the Islands Trust under the Islands Trust Act;

Accommodating independent band taxation

11 (1) If

- (a) a band has enacted an Indian land taxation law that is in accordance with the notice delivered under section 9, and
- (b) the minister has issued a certificate under section 10 in respect of that notice,

then, subject to section 13, all persons who have interests in real property in the area of Indian land to which the Indian land taxation law applies are exempt from all liability, on and after January 1 of the first calendar year for which taxes are imposed under the Indian land taxation law, for real property taxes pertaining to those interests, under every Provincial enactment that imposes or authorizes the imposition of such taxes.

Grants in place of *Home Owner Grant Act* benefits

14 (1) After an exemption under section 11 (1) becomes effective for Indian land over which a band has jurisdiction, the minister, out of money appropriated for the purpose of the grant, may pay to the band a grant in place of benefits that are payable under the *Home Owner Grant Act*.

(2) The minister may attach any of the following types of conditions to a grant paid under subsection (1):

- (a) conditions with respect to the persons to whom the band must pass on the benefit of the grant;
- (b) conditions with respect to the manner by which
 - (i) the persons who are entitled to the benefit will be determined, and
 - (ii) the amount of the benefits to them will be determined and calculated;
- (c) conditions under which the amount of the grant, in any calendar year, depends on the correlation between
 - (i) the revenue derived from school taxes, pertaining to real property in the area over which the band has jurisdiction, that the government would have expected to receive in that calendar year if there had been no exemption under section 11 (1), and
 - (ii) the amount paid or to be paid by the band to the government for school services in that calendar year.

(3) The conditions may be different for different bands or for different classes of persons.

Grants in place of *Home Owner Grant Act* benefits

27 (1) Out of money appropriated for that purpose, the minister may pay to an Indian district a grant in place of benefits that are payable under the *Home Owner Grant Act*.

(2) The minister may attach any of the following types of conditions to a grant paid under subsection (1):

- (a) conditions with respect to the persons to whom the Indian district must pass on the benefit of the grant;
- (b) conditions with respect to the manner by which
 - (i) the persons who are entitled to the benefit will be determined, and
 - (ii) the amount of the benefits to them will be determined and calculated;
- (c) if a regulation has been made under section 21 (1), conditions under which the amount of the grant, in any calendar year, depends on the correlation between
 - (i) the revenue derived from school taxes, pertaining to real property in the area over which the Indian district has jurisdiction, that the government would have expected to receive in that calendar year if that regulation had not been made, and
 - (ii) the amount paid or to be paid by the Indian district to the government for school services in that calendar year.

(3) The conditions may be different for different Indian districts or for different classes of persons.

Land Tax Deferment Act

In the LTDA, there is no defined term "tax payable".

"tax" means tax levied by a municipality or the Crown on eligible property, but does not include tax arrears, penalties, delinquent tax, utility user fees or interest on any of them;

Agreement to defer taxes

2 (1) Subject to this Act and regulations, the minister may make an agreement with an owner who qualifies under this Act permitting the owner to defer paying all or part of the tax payable on the eligible property during the term of the agreement.

Home Owner Grant Act

"current year taxes" means real property taxes, other than school referendum taxes levied under the School Act, levied for the current tax year against property that

- (a) is classified under the Assessment Act as class 1 or 9 property, and
- (b) comprises all or part of an eligible residence, eligible apartment, eligible land cooperative residence, eligible multi dwelling leased parcel residence or eligible housing unit,

but does not include arrears, penalties, delinquent taxes or interest on them;

Notes on Options

s.13

SCHOOL ACT
SCHOOL TAX SURTAX ON EXPENSIVE HOMES

s.13

I. ISSUE

Whether to create a surtax on expensive homes through the provincial School Tax.

II. BACKGROUND

The Province is estimated to receive approximately \$1.7 billion in residential school property tax in 2016/17, before the cost of home owner grants.

Residential school tax applies to all residential folios in B.C., and uses the assessed value of each folio as the tax base. School tax rates varying by school district, according to a tax rate formula. The formula results in higher-valued school districts having a lower tax rate, but paying more tax due to higher assessed values.

The Province has limited increases in school property tax per residential folio to the rate of inflation since 2003. Hence Provincial revenues have grown at the rate of inflation plus revenue from any new residential construction. Municipalities have as a rule also limited increases to their property taxes on residential properties.

Roughly half of residential school property taxes, or around \$800 million, are returned to homeowners through home owner grants. To be eligible for a home owner grant, you must be a Canadian citizen or permanent resident who owns and lives in their home as a principal residence in B.C. The basic grant is worth \$570, with additional amounts available to seniors, disabled persons, veteran's spouses and those in rural areas. The grant is phased out for homes valued above \$1.6 million. Foreign residents are not eligible for the grant

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s.13 The following charts show the rapid growth in expensive homes in B.C. in recent years:

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Page 086 to/à Page 090

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Drafting Instructions
January 18, 2018
School Home Surtax on High Valued Homes

s.14

Page 092 to/à Page 098

Withheld pursuant to/removed as

s.14

Page 099 to/à Page 102

Withheld pursuant to/removed as

s.12;s.14

Start with all folios with any class 01 value

/* definition of 'dwelling property' in (Bill 2, Section 117) Division 4 — Taxation for reference in section 120.1 Additional school tax of the school tax act

http://www.bclaws.ca/civix/document/id/complete/statreg/96412_09#division_d2e16099

'Dwelling Property' subsets within scope of the additional School Tax (Bill 2, Section 117)	Comments	BCA data description
(a) land that is outside an agricultural land reserve as defined in section 1 (1) of the <i>Agricultural Land Commission Act</i> and that is determined by the assessor to have no present use	s.13,s.17	
(b) improvements on land that is not class 1 property if the improvements are used or intended to be used as a residence		
(c) land and improvements on the land, if (i) any of the improvements are used or intended to be used as a residence for 3 or fewer families (ii) the improvements do not consist of a strata lot		
(d) land and improvements that consist of a strata lot that is used or intended to be used as a residence		
but does not include the following: (e) property referred to in paragraph (b), (c) or (d) of this definition if the property		

includes a living accommodation described in section 4 (a), (b), (f) or (g) <i>[what the Act does not apply to]</i> of the <i>Residential Tenancy Act</i> ;		
<i>Residential Tenancy Act</i> reference	Comments	BCA data description
4(a) living accommodation rented by a not for profit housing cooperative to a member of the cooperative	s.13,s.17	

s.13,s.17

4(b) living accommodation owned or operated by an educational institution and provided by that institution to its students or employees

4(f) living accommodation provided for
emergency shelter or transitional housing

4(g) living accommodation
(i) in a community care facility under the
Community Care and Assisted Living Act,
(ii) in a continuing care facility under the
Continuing Care Act

4(g) living accommodation
(iii) in a public or private hospital under the
Hospital Act

4(g) living accommodation
(iv) if designated under the *Mental Health Act*, in a Provincial mental health facility, an observation unit or a psychiatric unit

4(g) living accommodation
(v) in a housing based health facility that provides hospitality support services and personal care or,

(vi) that is made available in the course of providing rehabilitative or therapeutic treatment or services



BC ASSESSMENT

Ministry of Finance – for Information Briefing Note

Date: April 30, 2018

Title: BCA's Approach to Identifying and Reporting Properties for Additional School Tax and Speculation Tax

Issue:

The Ministry of Finance ("the Ministry") has asked BC Assessment (BCA) to determine by April 30th how BCA will identify and report out class 1 residential candidate properties that meet the definition of a "Dwelling Property" for the new additional school tax and speculation tax.

Background:

School Tax

The Ministry has requested BCA provide sample data for class 1 properties that meet the definition of "dwelling property" as defined in the *School Act*. The Ministry will use this data to program their school tax system to calculate the aggregate amount of additional school tax to bill municipalities and the Surveyor of Taxes.

BCA established a Working Group to review the legislation, the definition of "Dwelling Property", and technical aspects of how to apply the definition to our system data. The interpretation of the definition of "dwelling property" is outlined in Attachment 1 of this Briefing Note.

Speculation Tax

The Ministry is also working on drafting legislation for the new speculation tax.^{s.13,s.17}

BCA's role is to identify and report out the folios that meet the criteria of a "Dwelling Property" under both the additional school tax and speculation tax to the Ministry, starting with the 2019 Completed Roll. There are potential downstream impacts to BCA's approach on how we will report out the candidate properties, as the Ministry must complete their system development and inform Taxing Authorities of what changes they may need to make to their tax software systems to accommodate the new taxes.

Recommended Approach:

BCA will identify the appropriate valueBC criteria that satisfies the "Dwelling Property" definition. Our Information Technology Services Division (ITS) will use the property selection criteria to programmatically apply a code to the candidate properties during assessment roll processing. The existing and currently unused "Property Type" data field in valueBC will be updated to indicate the candidate properties. BCA's New Data Advice schema will include the "Property Type" code(s) and description(s). After each Completed Roll, Revised Roll, and Supplementary cycle, the candidate properties will be coded and reported out through New Data Advice to the Ministry of Finance (Property Taxation Branch).

BCA will mark the candidate folios programmatically using an existing data field in valueBC this includes:

- Use existing "Property Type" data field (OA000_PROPERTY.PROPERTY_TYPE)
- Rename Property Type field, if necessary (to be confirmed)
- Create 3 new codes, as follows:
 - 01 - Dwelling property for additional school tax only
 - 02 - Dwelling property for speculation tax only
 - 03 - Dwelling property for additional school tax and speculation tax
- Convert AO_L_FOLIO_PROPTYPE to a Roll Year table (AO_R_FOLIO_PROPTYPE) so that changes can be made to the codes in future years while still maintaining the historical codes
- Validate candidate folio selection criteria/queries with Ministry of Finance
- Determine other reporting requirements from Ministry and local governments (i.e. Roll reports), if needed.

- Work with DCX portfolio to get “Property Type” data included in New Data Advice
- Complete roll processing programming changes.

BCA has provided the Ministry with sample files of both included and excluded dwelling properties, in excel (.xlsx) file format. This data is for the purpose of setting up the systems and procedures to administer the tax. Once implemented, the candidate folios will be indicated in the New Data Advice feed(s) received by the Ministry and Taxing Authorities.

The recommended approach relied on the following key assumptions:

- Resources are available to implement all required work
- For both the additional school tax and speculation tax, BCA is only responsible for identifying “Dwelling Property” candidate folios and reporting them to the Ministry
- The Ministry will use BCA’s candidate folios and further refine the final list by applying other exemptions to either tax and identifying folios that fall within the tax thresholds (\$3M - \$4M and over \$4M) for the additional school tax
- The Ministry is responsible for working with Tax Authorities to administer and collect the new additional school tax
- The Ministry is responsible for advising the taxpayer if the new speculation tax applies to their property and collecting the tax. Inquiries to BCA related to the additional school tax or speculation tax will be referred to the Ministry
- BCA will not add any indication of the eligibility of a property for either tax on the Assessment Notice

Below is a summary of the risks identified, impact (high, medium, low) and risk mitigation strategy:

Risk	Impact	Mitigation Strategy
BCA staff may receive more inquiries and/or appeals related to the additional school tax and speculation tax	Medium	Key messages will be sent to BCA staff for answering inquiries and redirecting tax questions to the Ministry of Finance

Risk	Impact	Mitigation Strategy
Definition of "Dwelling Property" may be different for additional school tax and speculation tax	Medium	Solution will be flexible in the case that the definitions are different
Definition of "Dwelling Property"	High	s.13,s.14,s.17
Multiple-Use folios	High	s.13,s.17

Conclusion:

Once the approach is validated by the Ministry, there will be ongoing work by both BCA and the Ministry to manage the implementation over the next several months.

Attachments:

1. Dwelling Property Definition Interpretation with BCA System Data
2. Summary Statistics on Dwelling Property Inclusions and Exclusions

Attachment 1: Dwelling Property Definition Interpretation with BCA System Data

Start with all folios with any class 01 value

/* definition of 'dwelling property' in (Bill 2, Section 117) Division 4 — Taxation for reference in section 120.1 Additional school tax of the school tax act

http://www.bclaws.ca/civix/document/id/complete/statreg/96412_09#division_d2e16099

'Dwelling Property' subsets within scope of the additional School Tax (Bill 2, Section 117)	Comments	BCA data description
(a) land that is outside an agricultural land reserve as defined in section 1 (1) of the <i>Agricultural Land Commission Act</i> and that is determined by the assessor to have no present use	s.13,s.17	
(b) improvements on land that is not class 1 property if the improvements are used or intended to be used as a residence		
(c) land and improvements on the land, if (i) any of the improvements are used or intended to be used as a residence for 3 or fewer families (ii) the improvements do not consist of a strata lot		
(d) land and improvements that consist of a strata lot that is used or intended to be used as a residence		
but does not include the following: (e) property referred to in paragraph (b), (c) or (d) of this definition if the property includes a living accommodation described		

in section 4 (a), (b), (f) or (g) [what the Act does not apply to]of the Residential Tenancy Act;

Residential Tenancy Act reference

Comments

BCA data description

4(a) living accommodation rented by a not for profit housing cooperative to a member of the cooperative

s.13,s.17

4(b) living accommodation owned or operated by an educational institution and provided by that institution to its students or employees

4(f) living accommodation provided for
emergency shelter or transitional housing

4(g) living accommodation
(i) in a community care facility under the
Community Care and Assisted Living Act,

(ii) in a continuing care facility under the
Continuing Care Act

4(g) living accommodation
(iii) in a public or private hospital under the
Hospital Act

4(g) living accommodation
(iv) if designated under the *Mental Health Act*, in a Provincial mental health facility, an observation unit or a psychiatric unit

4(g) living accommodation
(v) in a housing based health facility that provides hospitality support services and personal care or,

(vi) that is made available in the course of providing rehabilitative or therapeutic treatment or services

Page 117

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s.13;s.17

From: [Vearer, Liam FIN:EX](#)
To: [Ford, Louise E FIN:EX](#); [Khaira, Kally FIN:EX](#)
Cc: [Kennedy, Cynthia FIN:EX](#); [McGill, Catherine M FIN:EX](#)
Subject: FW: BCA Information Briefing Note - Additional School Tax and Speculation Tax Identification and Coding Approach (1)
Date: Monday, April 30, 2018 4:38:42 PM
Attachments: [Ministry BN - School Tax and Speculation Tax Approach 2018-04-30 - Final....pdf](#)
[image001.png](#)
[image002.jpg](#)
[image003.gif](#)
[image004.gif](#)
[image005.gif](#)
[image006.jpg](#)

Hi.

I have concerns with certain statements made in the BN that I think we should discuss as a group before involving Olav and FAST.

Liam

From: Spatharakis, Michael BCA:EX
Sent: Monday, April 30, 2018 1:48 PM
To: Khaira, Kally FIN:EX
Cc: Thyvold, Olav FIN:EX; Ford, Louise E FIN:EX; Dedeluk, Lisa BCA:EX; Brosch, Gerhard BCA:EX; Vearer, Liam FIN:EX; Brakefield, Alan K BCA:EX; Infanti, Sarah J FIN:EX; Lise, Sarah FIN:EX; Kennedy, Cynthia FIN:EX; Williams, Jackson FIN:EX; Manuel, Salsa FIN:EX; Farris, Justin FIN:EX
Subject: BCA Information Briefing Note - Additional School Tax and Speculation Tax Identification and Coding Approach

Hi Kally,

Please find attached BC Assessment's information briefing note outlining how we propose to identify and report out on the assessment roll candidate folios that meet the definition of a "Dwelling Property" for the additional school tax and the proposed speculation tax. I understand that Alan has already provided Liam with some sample data that demonstrates the results of our identified approach.

Please let us know if you have any questions about the briefing note, or if you would like to setup a meeting to discuss the content and/or approach.

Regards,

Michael Spatharakis BA, AACI, P.App
Manager, Local Government Customers

michael.spatharakis@bcassessment.ca
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Check out the latest posts & share your feedback with us on *Community Corner* @ <https://forum.bcasessment.ca>



Page 119 to/à Page 125

Withheld pursuant to/removed as

s.12;s.14;s.13

Page 126 to/à Page 127

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s.12;s.14

Page 128

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s.12;s.14;s.13;s.17

Page 129 to/à Page 185

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s.12;s.14

Page 186 to/à Page 210

Withheld pursuant to/removed as

s.12;s.14;s.13

Drafting Instructions
January 18, 2018
School Home Surtax on High Valued Homes

s.13,s.14

Page 212 to/à Page 219

Withheld pursuant to/removed as

s.14;s.13

Page 220 to/à Page 224

Withheld pursuant to/removed as

s.12;s.14;s.13

Page 225

Withheld pursuant to/removed as

s.12;s.14

Page 226 to/à Page 227

Withheld pursuant to/removed as

s.13;s.17

Page 228 to/à Page 232

Withheld pursuant to/removed as

s.12;s.14

Page 233 to/à Page 242

Withheld pursuant to/removed as

s.12;s.14;s.13

SCHOOL ACT

SCHOOL TAX SURTAX ON EXPENSIVE HOMES

I. ISSUE

Whether to create a surtax on expensive homes through the provincial School Tax.

II. BACKGROUND

The Province is estimated to receive approximately \$1.7 billion in residential school property tax in 2016/17, before the cost of home owner grants.

Residential school tax applies to all residential folios in B.C., and uses the assessed value of each folio as the tax base. School tax rates varying by school district, according to a tax rate formula. The formula results in higher-valued school districts having a lower tax rate, but paying more tax due to higher assessed values.

The Province has limited increases in school property tax per residential folio to the rate of inflation since 2003. Hence Provincial revenues have grown at the rate of inflation plus revenue from any new residential construction. Municipalities have as a rule also limited increases to their property taxes on residential properties.

Roughly half of residential school property taxes, or around \$800 million, are returned to homeowners through home owner grants. To be eligible for a home owner grant, you must be a Canadian citizen or permanent resident who owns and lives in their home as a principal residence in B.C. The basic grant is worth \$570, with additional amounts available to seniors, disabled persons, veteran's spouses and those in rural areas. The grant is phased out for homes valued above \$1.6 million. Foreign residents are not eligible for the grant

s.13

The following charts
show the rapid growth in expensive homes in B.C. in recent years:

s.13

Page 245 to/à Page 248

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School Act Excerpts from Part 8 — Finance

Division 1 — Provincial Funding

Division 4 — Taxation

Grants in place of taxes

118 (1) A municipality must apply in each taxation year to the following for the school tax portion of a grant in place of taxes for the taxation year in respect of land and improvements:

- (a) an owner who is identified by the British Columbia Assessment Authority as
 - (i) exempt from paying school taxes levied under this Act, and
 - (ii) authorized to pay a grant in place of taxes;
- (b) an owner who is exempt from paying school taxes levied under this Act and has paid a grant in place of taxes to the municipality in the previous taxation year.

(2) On or before February 1 in each year, a municipality must pay to the minister of finance any amount that has been received by the municipality in the preceding calendar year as the school tax portion of a grant in place of taxes.

(3) If a municipality does not apply for the school tax portion of a grant in accordance with subsection (1) and in the opinion of the Surveyor of Taxes the municipality would have received the grant if the municipality had applied for it, the Surveyor of Taxes may disallow all or part of the administration fee to which the municipality would otherwise be entitled under section 124 (10).

Provincial levy of tax on land and improvements

119 (1) In order to raise revenue to finance the Provincial funding and the debt service expenses of boards, the Province may levy a school tax equal to the net taxable value of the land and improvements multiplied by the appropriate rate determined under subsection (3).

(2) The minister of finance must determine the total amount to be raised by school taxes under this Act on land and improvements from each class of property in all school districts.

(3) On or before May 4 in each year, the Lieutenant Governor in Council must determine rates to be applied to the net taxable value of all land and improvements in each school district in order to raise the amount referred to in subsection (2).

(4) The rates to be determined under subsection (3) may differ

- (a) in respect of each school district, and
- (b) for different parts of the school district.

(5) The net taxable value of land and improvements must be determined under the Assessment Act and this Act.

(6) On or before May 10 in each year, the minister of revenue must send to the collector in each municipality a notice setting out

(a) the net taxable values of land and improvements in the municipality as certified under the Assessment Act,

(b) the amount to be raised by school taxes under this Act in that municipality,

(b.1) the total amount of credits to which owners in that municipality are entitled under sections 131.2 [*provincial industrial property tax credit*] and 131.3 [*provincial farm land tax credit*],

(b.2) the net amount to be raised by school taxes under this Act in that municipality after the deduction of the amount referred to in paragraph (b.1), and

(c) the rates determined by the Lieutenant Governor in Council under subsection (3).

(7) If a municipality is contained within the boundaries of more than one school district, the notice under subsection (6) must set out, for each part of the municipality, the net taxable values, the amount to be raised and the rates that are applicable to each school district within which that part of the municipality is contained.

(8) [Repealed 2003-23-79.]

Variable tax rate system for taxation

120 (1) In this section:

"**property class**" means a class of property prescribed by the Lieutenant Governor in Council under section 19 of the Assessment Act;

"**variable tax rate system**" means a system under which individual tax rates are determined and imposed for each property class.

(2) The Lieutenant Governor in Council must adopt a variable tax rate system for the purpose of determining tax rates for land and improvements under section 119 (3).

Adjustments

121 If the net taxable values of land and improvements are adjusted, or a supplementary assessment roll is prepared under the Assessment Act in respect of which section 228 (5) [*taxation of Crown land used by others*] of the Community Charter applies, amounts to be raised by taxation in each school district may be adjusted in the current taxation year or a subsequent taxation year in the manner directed by the minister of revenue.

Liability for taxation

122 An owner of land and improvements must pay school taxes and school referendum taxes levied under this Act, and the taxes must be collected in the manner provided for in this Act.

Application of other Acts for rural areas

123 (1) Subject to this Act and the Assessment Act, the Taxation (Rural Area) Act applies to the assessment, levy, collection and recovery of taxes imposed under this Act in a rural area of a school district, and to the addition of penalties and interest on those taxes when delinquent, in the same manner as taxes imposed under the Taxation (Rural Area) Act.

(2) All taxes levied under this Act in a rural area of a school district are, for all purposes of the Taxation (Rural Area) Act, deemed to be Provincial taxes imposed and assessed under that Act and must, on collection or recovery, be accounted for as such and be paid into the consolidated revenue fund.

Collection of school taxes by municipality

124 (1) In this section, "school taxes" does not include any penalty or interest that has been charged on the school taxes.

(2) In each taxation year, each municipality collecting taxes on behalf of the government under this Act must pay to the minister of finance

(a) instalments prescribed by regulation of the Lieutenant Governor in Council, and

(b) subject to subsections (6), (7) and (9), on the fifth business day after the calendar year end of each year the balance of all taxes imposed under this Act, whether or not they have been collected.

(3) Despite subsection (2) (b), a municipality may, on the fifth business day after the calendar year end of each taxation year and on the last day of each succeeding month until all school taxes imposed under this Act for that taxation year have been collected, pay to the minister of finance the amount of school taxes that it collects by each of those dates.

(4) If a municipality elects to comply with subsection (3) instead of subsection (2) (b), it must, in addition to the school taxes it pays to the minister of finance, pay to the minister of finance all penalties and interest that it collects in respect of those taxes.

(5) A regulation under subsection (2) (a) may prescribe the amounts, the manner and the times at which instalments are to be paid by a municipality, and the amounts, manner and times may be different for each municipality collecting school taxes under this Act.

(6) If a municipality satisfies the minister of revenue that it is unable to collect school taxes imposed under this Act in respect of a taxation year on

(a) land

(i) the fee of which is held by the government or by some person or organization on behalf of the government, and

(ii) that is held or occupied other than by or on behalf of the government, and

(b) improvements on land described in paragraph (a),

the minister of revenue may write off the amount not collected, whether or not the municipality has forwarded that amount under subsection (2), and, if the amount is written off, a corresponding adjustment must be made, in the manner directed by the minister of revenue in the amount of school tax to be paid by the municipality in respect of that or a subsequent taxation year.

(7) Subsection (6) applies also in respect of land held in trust for an Indian band and occupied, other than in an official capacity, by a person who is not an Indian.

(8) The write off of an amount under subsection (6) does not relieve the holder or occupier from liability for school tax imposed under this Act or prejudice the right of the government to collect from the holder or occupier the amount written off.

(9) A municipality may deduct, in the manner and at the times prescribed in the regulations, from instalments of taxes payable under subsection (2) the amount of home owner grants certified under section 12 (1) of the *Home Owner Grant Act*.

(10) Subject to sections 118 (3) and 125 (5), a municipality may deduct, in the manner and at the times directed by the minister of revenue, from school taxes payable under this section for the current taxation year or a subsequent taxation year an administration fee prescribed by the Lieutenant Governor in Council.

(11) The prescribed fee referred to in subsection (10) may be different with respect to different classes of property.

Interest on unpaid taxes

125 (1) In this section, "**unpaid taxes**" means any grants in place of taxes that a municipality is required to pay to the minister of finance under section 118 and any school taxes, penalties and interest that a municipality is required to pay to the minister of finance under section 124 that have not been paid as required by this Act or by the regulations.

(2) A municipality must pay interest on its unpaid taxes to the minister of finance.

(3) Interest payable under subsection (2) must be calculated at the rate prescribed by the Lieutenant Governor in Council and must be payable on each amount of school taxes, penalties, interest or grants in place of taxes included in the unpaid taxes from the date on which the amount was to be paid to the minister of finance under this Act to the date that the amount is received by the minister of finance.

(4) The minister of revenue may give notice to a municipality of

- (a) the municipality's unpaid taxes,
 - (b) any interest that is payable on the unpaid taxes under this section,
 - (c) the date by which payment of the unpaid taxes and the interest is required, and
 - (d) the powers of the Surveyor of Taxes under subsection (5) if that payment is not made as required.
- (5) If a municipality to which a notice is sent under subsection (4) does not pay the unpaid taxes and the interest referred to in the notice by the date required in the notice, the Surveyor of Taxes may disallow all or part of the administration fee to which the municipality would otherwise be entitled under section 124 (10).

Inspection

126 (1) For the purpose of ensuring compliance with this Part and the regulations related to Divisions 3 and 4 of this Part, the Surveyor of Taxes or a person authorized in writing by the Surveyor of Taxes may

- (a) at any reasonable time enter the premises where one or more of the records of a municipality are kept,
 - (b) request production of records or things that may be relevant to the inspection, and
 - (c) inspect records or things relevant to the inspection.
- (2) Subsection (1) (a) does not authorize entry to a room actually used as a dwelling without the consent of the occupier.
- (3) The person conducting an inspection under this section is entitled to free access to all of the records of every description of the municipality referred to in subsection (1) (a) that touch on any of the matters in respect of which an inspection may be conducted under this section.
- (4) A person who removes records or things under subsection (1) (c) must return them within a reasonable time.

Application of other Acts for municipalities

127 (1) Subject to this Act and the Assessment Act, the following Acts apply to the assessment, levy, collection and recovery of taxes imposed under this Act in a municipality within a school district, and to the addition of penalties and interest on taxes that are in arrears or are delinquent, in the same manner as taxes imposed under those Acts:

- (a) Community Charter;
- (b) Local Government Act;
- (c) Vancouver Charter.

- (2) All school taxes when levied must, on collection by a municipality, be accounted for as school taxes.

(3) All school referendum taxes when levied must, on collection by a municipality, be accounted for as school referendum taxes.

General provisions on collection of school taxes

128 (1) The municipality and the Surveyor of Taxes must act as the agent

- (a) for the board, for the collection of school referendum taxes, and
- (b) for the Province, for the collection of school taxes. *And surtaxes*

(2) The collector of each municipality or the Surveyor of Taxes must prepare and mail a notice, setting out the tax payable under this Act, to each person named on the real property tax roll or assessment roll as an assessed owner in the municipality or rural area, if any, contained in the school district.

(3) The notice under subsection (2) forms part of the taxation notices under the *Community Charter*, the *Local Government Act*, the *Vancouver Charter* or the *Taxation (Rural Area) Act*, as the case may be, and separate notices must not be prepared and rendered solely in respect of taxes for school purposes.

(4) The notice under subsection (2) must set out

- (a) the total amount of school taxes levied on each property by the Province, *Must add a provision*
 - (a.1) the amount of any credit to which the assessed owner is entitled under section 131.2 [provincial industrial property tax credit] of this Act,
 - (a.2) the amount of any credit to which the assessed owner is entitled under section 131.3 [provincial farm land tax credit] of this Act,
- (b) the net amount of school taxes payable by the assessed owner after deduction of
 - (i) any grant to which the assessed owner may be eligible under the *Home Owner Grant Act*, or
 - (ii) the amounts of the credits referred to in paragraphs (a.1) and (a.2) of this subsection, and
- (c) the total amount of school referendum taxes levied by a board.

(5) Despite subsections (2), (3) and (4), the Surveyor of Taxes may, with the written agreement of a taxpayer,

- (a) send a taxation notice to the taxpayer other than by mail, and
- (b) provide the information required to be contained in a taxation notice in a form other than a form prescribed by the Lieutenant Governor in Council, including provision by means of electronic information storage and electronic data transmission.

(5.1) Despite subsection (2), the collector of each municipality may provide a notice to a taxpayer other than by mail, in accordance with any applicable legislation.

128(6) Subject to sections 124 (10) and 137 (2), a municipality must not, directly or indirectly, charge a fee to a taxpayer or the government to cover the cost of

- (a) assessment and collection of taxes under this Act,
- (b) interest on money paid to a board in advance of collection of taxes, or
- (c) losses that have occurred through the failure to collect taxes.

131 (1) Subject to this Act, property that is in a municipal area of a school district and that is exempt from property taxation under the Community Charter or the Vancouver Charter, as the case may be, is also exempt from taxation under this Act.

(2) Land is exempt from taxation under this Act if the land is included in a timber lease or timber licence issued under an enactment of British Columbia or of Canada

- (a) for which a stumpage, as defined in the Forest Act, has not been reserved or not made available to the government, or
- (b) which is held for the specific purpose of cutting and removing timber, and for no other purpose while so held.

(3) Subject to subsection (4), if property in a rural area of a school district is exempt from taxation under the Taxation (Rural Area) Act, the property is also exempt from taxation under this Act to the extent of the exemption provided under the Taxation (Rural Area) Act.

(4) The following are subject to taxation under this Act:

- (a) a dwelling referred to in section 15 (1) (f) or (f.1) of the Taxation (Rural Area) Act;
- (b) farm improvements, other than a dwelling referred to in paragraph (a), that are exclusively used to operate a farm but only to the extent that the aggregate of their assessed values exceeds the greater of the following:
 - (i) 87.5% of the aggregated assessed value;
 - (ii) \$50 000.

(5) Despite subsection (1), property that is exempted under section 225 [partnering and other exemptions] of the Community Charter or section 396 [tax exemptions under partnering agreement] of the Local Government Act in relation to

- (a) a partnering agreement under the applicable Act,
- (b) a golf course, or
- (c) a cemetery, mausoleum or columbarium,

is not exempt from taxation under this Act unless exempted under subsection (6) or (8) of this section.

(6) The Lieutenant Governor in Council may make regulations exempting property referred to in subsection (5) from taxation under this Act.

(7) Regulations under subsection (6) may

- (a) provide an exemption for all or part of the property that is exempted under the Community Charter or the Local Government Act,
- (b) provide an exemption for all or part of the term of the exemption under the Community Charter or the Local Government Act, and
- (c) be different for different classes or uses of property, different classes of owner and different classes of partnering agreements.

(8) The Lieutenant Governor in Council may, by order in relation to property referred to in subsection (5) that is specified in the order, exempt all or part of the property from taxation under this Act and may provide the exemption for all or part of the term of the exemption under the Community Charter or the Local Government Act.

(9) Despite subsection (1), property that is exempted under

(a) section 226 [revitalization tax exemptions] of the Community Charter, or

(b) section 396E [revitalization tax exemptions] of the Vancouver Charter

is not exempted from taxation under this Act.

The following sections will not apply to the surtax

School tax exemptions and refunds for approved and eligible alternative energy power projects

131.1 (1) In this section, "power project" and "supply" have the same meaning as in section 1 of the Hydro and Power Authority Act.

(2) The Lieutenant Governor in Council may

(a) establish and approve one or more classes of alternative energy power projects for the purposes of this section, and
(b) in respect of one or more power projects or types of power projects, within a class of alternative energy power projects approved under paragraph (a), make regulations providing for

(i) exemptions from school taxes, and

(ii) refunds of school taxes paid.

(3) A regulation providing an exemption from school taxes under subsection (2) (b) (i) may, as the Lieutenant Governor in Council considers advisable,

(a) designate one or more power projects or types of power projects, within a class of alternative energy power projects approved under subsection (2) (a), as eligible for the exemption,

(b) limit the exemption to newer power projects, and for that purpose establish what constitutes a newer power project,

(c) limit the exemption to specified types of land, improvements or both, that are used, or will be used at a future time, for or in connection with the generation or supply of power,

(d) establish the conditions on which and prescribe the manner in which the exemption may be provided, and

(e) provide differently for different power projects or types of power projects.

(4) The Lieutenant Governor in Council may make a regulation providing an exemption under this section retroactive to the extent necessary to apply for the purposes of the 2005 taxation year.

(5) A regulation may not be made under subsection (4) after December 31, 2005.

(6) A regulation providing a refund of school taxes under subsection (2) (b) (ii) may, as the Lieutenant Governor in Council considers advisable,

(a) designate one or more power projects or types of power projects, within a class of alternative energy power projects approved under subsection (2) (a), in respect of which the refund may be provided,

(b) limit the refund to newer power projects, and for that purpose establish what constitutes a newer power project,

(c) limit the refund to school taxes paid by the taxpayer in respect of specified types of land, improvements or both,

(d) establish the conditions on which and prescribe the manner in which the refund may be provided to the taxpayer, and

(e) provide differently for different power projects or types of power projects.

(7) School tax refunds provided under this section must be paid out of the consolidated revenue fund.

Provincial industrial property tax credit

131.2 (1) In this section:

"class 4 property" means property that is assessed as property in the class 4 property class under the Assessment Act;

"class 5 property" means property that is assessed as property in the class 5 property class under the Assessment Act.

(2) For the 2009 and 2010 taxation years, an owner of class 4 property or class 5 property is entitled to a credit equal to 50% of the school taxes levied in the taxation year on the class 4 property or class 5 property.

(2.1) For the 2011, 2012 and 2013 taxation years, an owner of class 4 property or class 5 property is entitled to a credit equal to 60% of the school taxes levied in the taxation year on the class 4 property or class 5 property.

(2.2) For the 2014 and subsequent taxation years, an owner of class 4 property is entitled to a credit equal to 60% of the school taxes levied in the taxation year on the class 4 property.

(3) For the purpose of calculating the school taxes payable under this Act by an owner entitled to a credit under subsection (2), (2.1) or (2.2), the collector for the municipality or the Surveyor of Taxes must deduct the amount of the credit from the school taxes otherwise payable under this Act by the owner.

Provincial farm land tax credit

131.3 (1) In this section, "**class 9 property**" means land that is assessed as property in the class 9 property class under the Assessment Act.

(2) For the 2011 and subsequent taxation years, an owner of class 9 property is entitled to a credit equal to 50% of the school taxes levied in the taxation year on the class 9 property.

(3) For the purpose of calculating the school taxes payable under this Act by an owner entitled to a credit under subsection (2), the collector for the municipality or the Surveyor of Taxes must deduct the amount of the credit from the school taxes otherwise payable under this Act by the owner.

Corporations

132 Corporations must be assessed and taxed as other persons under this Act.

Assessor may require information in rural area

133 A person liable to assessment and taxation under this Act in respect of land and improvements in a rural area of a school district must, within 21 days after receiving a request from the assessor, make and file a return in the form approved by the assessor, detailing the nature, amount and value of all land and improvements in respect of which the person is liable to assessment.

Collector to apply *Taxation (Rural Area) Act*

134 The Surveyor of Taxes must apply the *Taxation (Rural Area) Act* to the taxation of property under this Act in rural areas, and in so doing must tax the property on a supplementary assessment roll prepared under the Assessment Act at the same rates of taxation as are charged against property assessed for school purposes in that school district for the corresponding period under this Act.

Appeal

135 Every person assessed in a rural area of a school district under this Act has the same rights of appeal on the person's real property assessment as are provided for by the *Taxation (Rural Area) Act* and Assessment Act.

B.C. Reg. 138/91
O.C. 604/91

Deposited May 3, 1991

This archived regulation consolidation is current to August 25, 2006 and includes changes enacted and in force by that date. For the most current information, click [here](#).

School Act

School Tax Administration Fee Regulation

Administration fee

1 Subject to section 2, commencing in the 1991 taxation year the administration fee allowed to each municipality for the purpose of section 124 (10) of the *School Act* shall be \$2 000 plus 0.1% of the current year school tax amount contained in the notice issued to the municipal collector under section 119 (6) (b) of the *School Act*.

Administration fee for the 1991 taxation year

2 For the purpose of the 1991 taxation year, the administration fee allowed to each municipality shall be the greater of

(a) the amount calculated under section 1, or

(b) 0.25% of the amount of 1990 non-residential school tax for the municipality based upon assessed values in place at December 31, 1990.

[Provisions of the *School Act*, R.S.B.C. 1996, c. 412, relevant to the enactment of this regulation: section 124 (10)]

Indian Self Government Enabling Act

If the surtax is placed in the *School Act* then it will flow into the ISGEA through the definition of "Provincial taxing authority" or reference to a provincial enactment.

"Provincial taxing authority" means

- (a) the Minister of Finance, on behalf of the government, under the Taxation (Rural Area) Act or the School Act,
- (b) a municipality or regional district,
- (c) an improvement district as defined in the Local Government Act,
- (d) a regional hospital district board,
- (e) a board of school trustees under the School Act,
- (f) a library board as defined in the Library Act,
- (g) a regional transit commission established under the British Columbia Transit Act,
- (g.1) the South Coast British Columbia Transportation Authority under the South Coast British Columbia Transportation Authority Act, and
- (h) any other local or Provincial public authority that
 - (i) is authorized under an enactment either to impose real property taxes itself or to receive revenue from real property taxes imposed or collected for it by the Surveyor of Taxes or by a municipality, and
 - (ii) has been prescribed to be a designated Provincial taxing authority for the purpose of this definition, and includes the Islands Trust under the Islands Trust Act;

Accommodating independent band taxation

11 (1) If

- (a) a band has enacted an Indian land taxation law that is in accordance with the notice delivered under section 9, and
- (b) the minister has issued a certificate under section 10 in respect of that notice,

then, subject to section 13, all persons who have interests in real property in the area of Indian land to which the Indian land taxation law applies are exempt from all liability, on and after January 1 of the first calendar year for which taxes are imposed under the Indian land taxation law, for real property taxes pertaining to those interests, under every Provincial enactment that imposes or authorizes the imposition of such taxes.

Grants in place of *Home Owner Grant Act* benefits

14 (1) After an exemption under section 11 (1) becomes effective for Indian land over which a band has jurisdiction, the minister, out of money appropriated for the purpose of the grant, may pay to the band a grant in place of benefits that are payable under the *Home Owner Grant Act*.

(2) The minister may attach any of the following types of conditions to a grant paid under subsection (1):

- (a) conditions with respect to the persons to whom the band must pass on the benefit of the grant;
- (b) conditions with respect to the manner by which
 - (i) the persons who are entitled to the benefit will be determined, and
 - (ii) the amount of the benefits to them will be determined and calculated;
- (c) conditions under which the amount of the grant, in any calendar year, depends on the correlation between
 - (i) the revenue derived from school taxes, pertaining to real property in the area over which the band has jurisdiction, that the government would have expected to receive in that calendar year if there had been no exemption under section 11 (1), and
 - (ii) the amount paid or to be paid by the band to the government for school services in that calendar year.

(3) The conditions may be different for different bands or for different classes of persons.

Grants in place of *Home Owner Grant Act* benefits

27 (1) Out of money appropriated for that purpose, the minister may pay to an Indian district a grant in place of benefits that are payable under the *Home Owner Grant Act*.

(2) The minister may attach any of the following types of conditions to a grant paid under subsection (1):

- (a) conditions with respect to the persons to whom the Indian district must pass on the benefit of the grant;
- (b) conditions with respect to the manner by which
 - (i) the persons who are entitled to the benefit will be determined, and
 - (ii) the amount of the benefits to them will be determined and calculated;
- (c) if a regulation has been made under section 21 (1), conditions under which the amount of the grant, in any calendar year, depends on the correlation between
 - (i) the revenue derived from school taxes, pertaining to real property in the area over which the Indian district has jurisdiction, that the government would have expected to receive in that calendar year if that regulation had not been made, and
 - (ii) the amount paid or to be paid by the Indian district to the government for school services in that calendar year.

(3) The conditions may be different for different Indian districts or for different classes of persons.

Land Tax Deferment Act

In the LTDA, there is no defined term "tax payable".

"**tax**" means tax levied by a municipality or the Crown on eligible property, but does not include tax arrears, penalties, delinquent tax, utility user fees or interest on any of them;

Agreement to defer taxes

2 (1) Subject to this Act and regulations, the minister may make an agreement with an owner who qualifies under this Act permitting the owner to defer paying all or part of the tax payable on the eligible property during the term of the agreement.

Home Owner Grant Act

"**current year taxes**" means real property taxes, other than school referendum taxes levied under the School Act, levied for the current tax year against property that

- (a) is classified under the Assessment Act as class 1 or 9 property, and
- (b) comprises all or part of an eligible residence, eligible apartment, eligible land cooperative residence, eligible multi dwelling leased parcel residence or eligible housing unit,

but does not include arrears, penalties, delinquent taxes or interest on them;

Page 263 to/à Page 269

Withheld pursuant to/removed as

s.14;s.13;s.17

Purpose Built Rental Housing:

s.13

Rental Vocabulary

Fixed-term - A tenancy set for a specific period of time (e.g. a year, a month or a week).

The tenancy cannot be ended earlier than the date fixed except in three circumstances: both parties agree in writing; there are special circumstances such as the tenant is fleeing family violence or the tenant has been assessed as requiring long-term care or has been accepted into

a long-term care facility; or as ordered by an arbitrator. [Learn more about ending a fixed-term for family violence or long-term care.](#)

At the end of the term of a fixed-term tenancy agreement, the landlord and tenant can agree to another fixed term or the tenancy continues on a month-to-month basis. Rent can only be increased between fixed-term tenancy agreements with the same tenant if the notice and timing requirements for Rent Increases are met

Effective December 11, 2017, a “vacate clause” requiring the tenant to move out on the date the agreement ends can only be used in a fixed term tenancy agreement if:

- The tenancy agreement is a sublease agreement; or
- The tenancy is a fixed term tenancy in circumstances prescribed in section 13.1 of the [Residential Tenancy Regulation](#) (external link). The reason must be indicated and both parties must have their initials next to this term in the agreement in order for it to be enforceable.

- *Fixed term tenancy — circumstances when tenant must vacate at end of term*

- **13.1 (1)** In this section, "close family member" has the same meaning as in section 49 (1) of the Act.

(2) For the purposes of section 97 (2) (a.1) of the Act *[prescribing circumstances when landlord may include term requiring tenant to vacate]*, the circumstances in which a landlord may include in a fixed term tenancy agreement a requirement that the tenant vacate a rental unit at the end of the term are that

- (a) the landlord is an individual, and
- (b) that landlord or a close family member of that landlord intends in good faith at the time of entering into the tenancy agreement to occupy the rental unit at the end of the term.

[en. B.C. Reg. 225/2017, App. 2, s. 1.]

Periodic - A tenancy with no specific end date - it continues until the landlord or tenant serve notice or both decide to end the tenancy. For example, a month-to-month tenancy.

Background:

CMHC: June 2016 Publication:

“The primary rental market, also known as the purpose-built rental market, is occupied rental units in privately initiated, purpose-built rental structures of three units or more. These can be in apartments or row houses.”¹

Landlord BC:

LandlordBC's Certified Rental Building program (CRB)²

Residential Tenancy Branch:³

All tenancy agreements need to include standard terms that protect landlords and tenants and ensure that tenancy agreements are fair and balanced. These terms even apply when there is no written tenancy agreement.

Some tenancy terms are negotiated between the tenant and landlord:

- **Who the agreement is between:** Include the full names of the landlord(s) and tenant(s). People not named in the agreement might not have any rights
- **Length of the tenancy:**

4 This Act does not apply to

(a) living accommodation rented by a not for profit housing cooperative to a member of the cooperative,

(b) living accommodation owned or operated by an educational institution and provided by that institution to its students or employees,

(c) living accommodation in which the tenant shares bathroom or kitchen facilities with the owner of that accommodation,

(d) living accommodation included with premises that

(i) are primarily occupied for business purposes, and

(ii) are rented under a single agreement,

(e) living accommodation occupied as vacation or travel accommodation,

(f) living accommodation provided for emergency shelter or transitional housing,

(g) living accommodation

¹ https://www.cmhc-schl.gc.ca/en/hoficlincl/observer/observer_065.cfm, January 26, 2018

² <https://www.landlordbc.ca/certified-rental-building-program/>

³ <https://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies/starting-a-tenancy/tenancy-agreements>; http://www.bclaws.ca/civix/document/id/complete/statreg/02078_01#section1

- (i) in a community care facility under the Community Care and Assisted Living Act,
 - (ii) in a continuing care facility under the Continuing Care Act,
 - (iii) in a public or private hospital under the Hospital Act,
 - (iv) if designated under the Mental Health Act, in a Provincial mental health facility, an observation unit or a psychiatric unit,
 - (v) in a housing based health facility that provides hospitality support services and personal health care, or
 - (vi) that is made available in the course of providing rehabilitative or therapeutic treatment or services,
- (h) living accommodation in a correctional institution,
- (i) living accommodation rented under a tenancy agreement that has a term longer than 20 years,
- (j) tenancy agreements to which the Manufactured Home Park Tenancy Act applies, or
- (k) prescribed tenancy agreements, rental units or residential property.

From: [Vearer, Liam FIN:EX](#)
To: [Spatharakis, Michael BCA:EX](#)
Cc: [Thyvold, Olav FIN:EX](#); [Ford, Louise E FIN:EX](#); [Dedeluk, Lisa BCA:EX](#); [Brosch, Gerhard BCA:EX](#); [Brakefield, Alan K BCA:EX](#); [Infanti, Sarah J FIN:EX](#); [Lise, Sarah FIN:EX](#); [Kennedy, Cynthia FIN:EX](#); [Williams, Jackson FIN:EX](#); [Manuel, Salsa FIN:EX](#); [Farris, Justin FIN:EX](#); [Khaira, Kally FIN:EX](#)
Bcc: [Vearer, Liam FIN:EX](#)
Subject: RE: BCA Information Briefing Note - Additional School Tax and Speculation Tax Identification and Coding Approach
Date: Friday, May 4, 2018 3:54:32 PM
Attachments: [image001.png](#)
[image002.jpg](#)
[image003.gif](#)
[image004.gif](#)
[image005.gif](#)
[image006.jpg](#)

Hi Michael,

I reviewed the briefing note with Kally and her staff and we have some questions. I will put them in writing early next week.

Regards,

Liam

Liam Vearer

Policy and Legislation Analyst

Property Taxation Branch

Ministry of Finance

Phone: 778-698-3913

Email: Liam.Vearer@gov.bc.ca

This email is intended only for the use of the individual or organization to whom it is addressed. If you have received this email in error, please notify the sender immediately and delete it.

From: Spatharakis, Michael BCA:EX

Sent: Monday, April 30, 2018 1:48 PM

To: Khaira, Kally FIN:EX

Cc: [Thyvold, Olav FIN:EX](#); [Ford, Louise E FIN:EX](#); [Dedeluk, Lisa BCA:EX](#); [Brosch, Gerhard BCA:EX](#); [Vearer, Liam FIN:EX](#); [Brakefield, Alan K BCA:EX](#); [Infanti, Sarah J FIN:EX](#); [Lise, Sarah FIN:EX](#); [Kennedy, Cynthia FIN:EX](#); [Williams, Jackson FIN:EX](#); [Manuel, Salsa FIN:EX](#); [Farris, Justin FIN:EX](#)

Subject: BCA Information Briefing Note - Additional School Tax and Speculation Tax Identification and Coding Approach

Hi Kally,

Please find attached BC Assessment's information briefing note outlining how we propose to identify and report out on the assessment roll candidate folios that meet the definition of a "Dwelling Property" for the additional school tax and the proposed speculation tax. I understand that Alan has already provided Liam with some sample data that demonstrates the results of our identified approach.

Please let us know if you have any questions about the briefing note, or if you would like to setup a meeting to discuss the content and/or approach.

Regards,

Michael Spatharakis BA, AACI, P.App

Manager, Local Government Customers

michael.spatharakis@bcassessment.ca

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Page 276

Withheld pursuant to/removed as

s.12;s.14;s.22;s.13

Page 277 to/à Page 290

Withheld pursuant to/removed as

s.12;s.14;s.13

▼ Understand Your Taxes

- ▶ By Location
- ▶ Property Assessment
- ▶ Tax Notice
- ▶ Important Dates
- ▶ Reduce Your Taxes
- ▶ Defer Your Taxes
- ▶ Pay Your Taxes

If your property is located within a municipality, you pay school tax to your municipal office. If your property is in a rural area, you pay school tax to the province's Surveyor of Taxes.

School tax is charged on every property in B.C. unless the property qualifies for an exemption.

Each year the province sets the **residential** school tax rate for each school district and is based equally on:

- The total number of residences in the district
- The total residential assessed value in the district

Generally, these rates decrease so that average provincial revenues per home only increase by B.C.'s CPI rate of inflation.

Each year the province sets the school tax rate for each **non-residential** property class. Generally, these rates decrease each year as

- Residential Properties (PDF)
- Non-Residential Properties (PDF)

Telephone:	250 387-0555
Alternate Telephone:	Toll free 1 888 355-2700
Fax:	250 387-2210
Email:	ruraltax@gov.bc.ca

Comment [LMV1]: I don't understand this heading. The material talks about school taxes in general, not just in the rural area.

Comment [GvB4]: Please flag for later if this should be updated after budget

average values within a property class rise faster than inflation.

Additional School Tax on High-Valued Properties

Starting in 2019, an additional school tax applies to most high-valued residential properties in the province, including:

- Detached homes
- Stratified condominium or townhouse units
- Most vacant land

For mixed-use properties, only the residential portion of the property’s assessed value above \$3 million will be taxable.

The additional tax rate is:

- 0.2% on the residential portion assessed between \$3 million and \$4 million
- 0.4% tax rate on the residential portion assessed over \$4 million

School Tax Revenue

Revenue from school tax represented approximately 35% of the \$5.498 billion spent by the Ministry of Education in 2015/16 (see public accounts, page 120).

The school tax revenue was \$1.937 billion. School tax revenues from **residential property** represented about 14% and **non-residential property** represented about 21% of the education cost.

2015/16 Residential School Tax Revenue

Properties in Municipalities	\$ 687 million
Properties in Rural Areas	\$ 85 million

Comment [GvB2]: Note to Kally: We realized that we have to create a separate page for the info on the exemption (tobe consistent with the other we link to other exemptions on this page), so I will notify you later today when that is ready for your review, and it will be numbered as a new item #024

Comment [GvB3]: Note to Kally: Please flag for followup after budget – should the tables below be updated to 2016/17 numbers or even removed? If you want to remove them entirely, we could edit the two paragraphs under this heading so they are not referring to the 2015/16 numbers. Thank you.

Total Residential	\$ 772 million
-------------------	----------------

2015/16 Non-Residential School Tax Revenue

Properties in Municipalities	\$ 977 million
Properties in Rural Areas	\$ 188 million
Total Non-Residential	\$ 1.165 billion

Page 294 to/à Page 296

Withheld pursuant to/removed as

s.12;s.14

Page 297 to/à Page 300

Withheld pursuant to/removed as

s.12;s.14;s.13

School Act: Additional School Tax

s.13

Page 302 to/à Page 304

Withheld pursuant to/removed as

s.13

From: Spatharakis, Michael BCA:EX
Sent: Wednesday, April 11, 2018 4:54 PM
To: Vearer, Liam FIN:EX
Cc: Brakefield, Alan K BCA:EX; Brosch, Gerhard BCA:EX; Dedeluk, Lisa BCA:EX
Subject: RE: Increased school tax rate

Hi Liam,

We had an activity kick-off meeting today regarding the new Additional School Tax and the Speculation Tax and have a few follow-up questions that will assist our Working Group in developing our solution to identifying folios that meet the definition of "dwelling property". I am sure we'll have more questions once we get deep into the work but here's what we have for now:

- (a) land that is outside an agricultural land reserve as defined in section 1 (1) of the *Agricultural Land Commission Act* and that is determined by the assessor to have no present use;
s.13,s.17

- (b) improvements on land that is not class 1 property if the improvements are used or intended to be used as a residence;
s.13,s.17

- (c) land and improvements on the land, if

(i) any of the improvements are used or intended to be used as a residence for 3 or fewer families, and

(ii) the improvements do not consist of a strata lot;

(d) land and improvements that consist of a strata lot that is used or intended to be used as a residence,

s.13,s.17

It would be great if you could respond to the above questions at your earliest convenience, as our Working Group is scheduled to meet next on April 17th and will be asked to develop their thoughts in preparation for the meeting.

For your information, I will be acting as the primary liaison between BCA and PTB as we work through this issue towards the April 30th deadline; thus, you may receive additional questions from me over the coming weeks and feel free to send anything to me that comes up from PTB.

Thanks,

Michael Spatharakis BA, AACI, P.App
Manager, Local Government Customers

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BC ASSESSMENT     

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Sent: April 4, 2018 2:29 PM
To: Dedeluk, Lisa BCA:EX <lisa.dedeluk@bcassessment.ca>
Cc: Khaira, Kally FIN:EX <Kally.Khaira@gov.bc.ca>
Subject: Increased school tax rate

Hello Lisa:

The Minister of Finance announced in Budget 2018 that the school tax rate on homes valued over \$3 million would increase effective 2019.

Page 307 to/à Page 308

Withheld pursuant to/removed as

s.13;s.17

Page 309 to/à Page 310

Withheld pursuant to/removed as

s.12;s.14

Page 311

Withheld pursuant to/removed as

s.14;s.13;s.17

Page 312

Withheld pursuant to/removed as

s.12;s.14

Page Details

Page Title:	B.C. Provincial Budget Tax Changes
Navigation Title:	Budget Tax Changes
Friendly URL Part:	https://www2.gov.bc.ca/gov/content/taxes/tax-changes/budget-changes

Metadata

Keywords:	budget, b.c. budget 2018, british columbia budget 2018, sales tax, income tax, property tax, oil & gas royalties, audit
Description:	Announcing recent and proposed tax changes from the B.C. Provincial Budget, including changes to sales tax, property tax and income tax.
Creator:	Ministry of Finance; Revenue Division
Subject Category:	
Subject:	

[Home](#) / [Taxes & Tax Credits](#) / [Tax Changes](#)

B.C. Provincial Budget Tax Changes

On February 20, 2018, the government announced proposed changes to the provincial tax laws.

Read a summary explanation of all the tax changes in the [Budget and Fiscal Plan](#).

Changes were introduced for:

- [Sales Taxes](#)
- [Income Taxes](#)
- [Property Taxes](#)
- [Petroleum & Natural Gas Royalties and Taxes](#)
- [Tax Audits](#)

Learn more about the following tax changes using the sources below.

Sales Taxes

Income Taxes

Property Taxes

Rural Property Tax

Budget 2018

Learn more about the Budget 2018 at [B.C. Budget](#).

Tax Publications

You have these options for requesting paper, faxed or electronic copies of our print publications:

- Email: SBRPublications@gov.bc.ca
- Call or visit a [Service BC Centre](#) in your area

Useful Contacts

Contact us with your questions about the Budget 2018 tax changes.

Sales Tax & Audits

1 877 388-4440

CTRTaxQuestions@gov.bc.ca

School tax increased for most residential properties where the value of the residential portion exceeds \$3 million.

- [School Tax in Rural Areas](#)

Purpose-built rental housing exempted from school tax if it receives a municipal revitalization certificate.

- [Municipal Revitalization Provincial Property Tax Exemption](#)

Property Transfer Tax

Petroleum & Natural Gas Royalties and Taxes

Tax Audits

Historical Budget Information

- September 2017 Budget Update
- [February 2017 Budget Tax Changes](#)
- [2016 Budget Tax Changes](#)
- [2015 Budget Tax Changes](#)
- [2014 Budget Tax Changes](#)
- [2013 Budget Tax Changes](#)

Income Tax

1 877 387-3332

ITBTaxQuestions@gov.bc.ca

Property Tax

1 888 355-2700

PTTEng@gov.bc.ca

RuralTax@gov.bc.ca

Oil & Gas Royalties and Tax

1 800 667-1182

Oil&GasRoyaltyQuestions@gov.bc.ca

Comment [SLB1]: New webpage; link TBD

