

## Speculation and vacancy tax: 2020 declaration

Jan. 20, 2020

### **Recommended Tweets:**

- I've filled out my speculation and vacancy tax declaration and it only took a few minutes. Have you completed your declaration yet? [[gov.bc.ca/spectax](http://gov.bc.ca/spectax)]
- Have questions about how to complete your speculation and vacancy tax declaration? Here is where you can get help. [[gov.bc.ca/spectax](http://gov.bc.ca/spectax)]
- Have questions about the speculation and vacancy tax? Need help completing your declaration? Call 1-833-554-2323 for support in multiple languages. [[gov.bc.ca/spectax](http://gov.bc.ca/spectax)]
- More than 99% of British Columbians will be exempt from the speculation and vacancy tax – it's now time to declare. [[gov.bc.ca/spectax](http://gov.bc.ca/spectax)]

### **Quick Facts:**

People can find **information** about the tax, exemptions and declaration process at:

- [gov.bc.ca/spectax](http://gov.bc.ca/spectax)

Property owners can access help or complete their declaration over the **phone** at:

- 1 - 833 554-2323 (toll-free Canada/U.S.) or 604 660-2421 (international)
- Monday to Sunday, 8:00 a.m. to 8:00 p.m.
- Service is available in multiple languages.

For 2019 and subsequent years, the tax rate is:

- 2% for foreign owners and satellite families
- 0.5% for Canadian citizens or permanent residents of Canada who are not members of a satellite family

These **areas** of B.C. are where the speculation and vacancy tax applies:

- Municipalities within the Capital Regional District, excluding Salt Spring Island, Juan de Fuca Electoral Area, and the Southern Gulf Islands
- Municipalities within the Metro Vancouver Regional District, excluding Bowen Island, the Village of Lions Bay and Electoral Area A, but including UBC and the University Endowment Lands
- The City of Abbotsford
- The District of Mission
- The City of Chilliwack
- The City of Kelowna
- The City of West Kelowna
- The City of Nanaimo
- The District of Lantzville

## **KEY MESSAGES:**

- For years, the last government ignored the housing crisis while it used revenue from property taxes to prop up the budget.
- The province was at the peak of the housing crisis when we took office – that’s why we tackled the crisis head-on with measures like the speculation and vacancy tax.
- As data from the first-year shows, more than 99% of British Columbians are exempt from paying this tax.
- And as seen in 2019, roughly 80% of people paying this tax are people who own homes here, but earn a majority of their income outside B.C., and those paying the tax have homes that are worth an average of \$1.45 million.
- After listening to mayors and property owners, we’ve improved the tax this year by adding two new exemptions and by making the declaration process even easier for property owners.
- It’s now time for property owners in taxable areas to complete a declaration and claim their exemption.
- The quickest and easiest way is to declare online. Property owners with more complex ownership situations or questions can still phone the call centre for assistance.
- For more information about exemptions and how you can quickly declare online go to: [www.gov.bc.ca/spectaxinfo](http://www.gov.bc.ca/spectaxinfo)
- The speculation and vacancy tax is an important part of our 10-year housing strategy.
- B.C.’s housing market is returning to balance. In Greater Vancouver – the epicenter of this crisis – prices for condos, townhouses and single-family homes have dropped collectively by more than 7% since September of last year.
- We still have a long way to go before we call real estate in B.C. affordable. But the price moderation we are starting to see is a step in the right direction.
- Revenue from the tax is being put to work – helping us continue to build the types of housing that British Columbians need.

## **QUESTION AND ANSWER:**

### **1. How and when can residential property owners claim their exemption?**

- Owners can declare online as soon as they receive their declaration package.
- If they require assistance or wish to complete their declaration over the phone, the call centre is open Monday to Sunday, 8am to 8pm at 1-833-554-2323.

### **2. How long do residential property owners have to claim their exemption?**

- The deadline to declare is March 31.

### **3. Who must complete the declaration process, and claim the exemption?**

- All individuals listed on a land title, as well as corporations, partnerships and trusts that may be listed on a title, must declare. Individuals such as a life tenant or a registered occupier of a residential property must also declare.
- If your property has more than one owner, even if the other owner is your spouse or a family member, a separate declaration must be made for each owner.

### **4. Can someone other than the property owner complete the declaration on their behalf?**

- Yes. The residential property owner can designate someone, such as an adult son/daughter, spouse, family member, accountant or notary, to complete the declaration and exemption process.
- The individual who completes the declaration on the property owner's behalf will be asked to declare online they have the property owner's permission to do so.

### **5. What if a property owner isn't eligible for an exemption – what happens next?**

- Residential property owners who are not eligible for an exemption will receive a tax notice in the mail. They will have to pay the assessed amount on or before July 2.
- More information about payment options is available online at [www.gov.bc.ca/spectax](http://www.gov.bc.ca/spectax)

### **6. What are the exemptions?**

- People can find information on exemptions at [gov.bc.ca/spectax](http://gov.bc.ca/spectax) or phone 1-833-554-2323.

### **11. Why do I have to provide my social insurance number (SIN)?**

- By collecting your SIN the B.C. government will be able to connect property ownership with income tax data.
- This will allow us to find satellite families or people who live in B.C. but pay little to no tax in B.C. or Canada.
- By providing your SIN you are helping ensure that everyone is paying their fair share of tax.

KEY MESSAGES

- For years, the last government ignored the housing crisis while it used revenue from property taxes to prop up the budget.
- The province was at the peak of the housing crisis when we took office – that’s why we tackled the crisis head-on with measures like the speculation and vacancy tax.
- As data from the first-year shows, more than 99% of British Columbians are exempt from paying this tax.
- And as seen in 2019, roughly 80% of people paying this tax are people who own homes here, but earn a majority of their income outside B.C., and those paying the tax have homes that are worth an average of \$1.45 million.
- After listening to mayors and property owners, we’ve improved the tax this year by adding two new exemptions and by making the declaration process even easier for property owners.
- It’s now time for property owners in taxable areas to complete a declaration and claim their exemption.
- The quickest and easiest way is to declare online. Property owners with more complex ownership situations or questions can still phone the call centre for assistance.
- For more information about exemptions and how you can quickly declare online go to: [www.gov.bc.ca/spectax](http://www.gov.bc.ca/spectax)
- The speculation and vacancy tax is an important part of our 10-year housing strategy.
- B.C.’s housing market is returning to balance. In Greater Vancouver – the epicenter of this crisis – prices for condos, townhouses and single-family homes have dropped collectively by more than 7% since September of last year.
- We still have a long way to go before we call real estate in B.C. affordable. But the price moderation we are starting to see is a step in the right direction.
- Revenue from the tax is being put to work – helping us continue to build the types of housing that British Columbians need.



**QUESTIONS AND ANSWERS**

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**SVT**

**1. Is this tax a revenue grab? How can you prove it's moderating the market and forcing owners to return their homes to the market?**

- The housing affordability crisis didn't happen overnight, and it won't be fixed overnight.
- It's a complex issue and that's why we brought in the 30-point housing plan that includes a broad range of measures including the speculation and vacancy tax.
- And as I've said before, I'm cautiously optimistic that our plan is helping to moderate the market.
- For example, the extreme behavior in our market such as five or six people in bidding wars, such as people buying homes without inspections – we're not seeing that anymore.
- And any money raised through the tax is being put to work – helping us continue to build the types of housing that British Columbians need.

**2. Do you have stats to prove that this tax returning properties to the market?**

- When we implemented the speculation and vacancy tax, we stated one of the obstacles B.C. faced was a lack of reliable data about homeownership.
- We have one year of data for this tax, and over the next several years, we'll be able to use this data to get a better picture of how residential properties are being used in B.C.
- One of the outcomes of this tax would be more fulsome data about homeownership in major urban areas where the tax applies.
- And the revenue from this tax will add the housing people need to the market.

## **SVT 2020 Declaration Period Begins: Jan. 21, 2020**

### **3. Some critics say the downturn in construction starts across the province is influenced by provincial taxes including the SVT – is this tax dampening development?**

- It's important to remember the context of that drop in 2019 - 2017 and 2018 were record-setting years that B.C. hasn't seen since the 1970s.
- It's unreasonable to think that the market would see those kinds of historic highs, year after year.
- Housing development continues to happen in our province and our markets are beginning to moderate.
- And let's not forget the revenue from this tax will fund affordable housing developments in areas where the tax applies.

### **4. Some builder's associations argue that municipalities prioritizing government-funded housing projects are pushing market housing to the back of the line – how is this good for B.C.'s housing developers?**

- The province was at the peak of the housing crisis when we took office – that's why we tackled the crisis head-on with 30-point housing plan.
- Our plan will see 114,000 homes built for the hardworking British Columbians who are building this province.
- We have been clear we are not going to back away from our commitment to providing affordable housing.

### **5. What do you say to critics who argue the mortgage stress test has done more to cool off the housing market than this tax?**

- We welcome any work our federal and municipal partners are doing to help moderate and stabilize a market that was overheated for decades.
- And we've always said – there will not be a single solution that makes housing in B.C. affordable again.
- The speculation and vacancy tax has been in place for a year – and while we have a long way to go towards price moderation, we are starting to see a step in the right direction.

**6. Some are saying that this tax has done nothing to temper prices in more affordable communities like Langford, where property assessments increased — is that true?**

- We know that this is just the beginning of the work necessary to bring moderation and affordability to B.C.'s housing market.
- The speculation and vacancy tax has been in place for a single year, and it's just one of the measures we are implementing to bring needed relief to British Columbians.
- We are seeing encouraging signs overall:
  - B.C.'s housing market is returning to balance.
  - In Greater Vancouver – the epicenter of this crisis – prices for condos, townhouses and single-family homes have dropped collectively by more than 7% since September of last year.
- British Columbians want us to continue this important work, and we will not be backing away from our efforts to return affordability to our housing market.

**7. Why not call this tax a capital gains tax? Aren't you punishing folks who have enough money to invest in our housing market?**

- We know that B.C.'s housing market is attractive to domestic and international investors.
- What we are asking them to do with this tax is – if you are going to benefit from our sustainable and resilient economy – we want you to pay your fair share.
- And while they have their money invested in B.C., we are asking them to rent out that property to hardworking British Columbians who are looking for a home.
- Let's put those investments to work, so that everyone benefits.

**8. What do you say to critics who say these types of interventions are failing, and the price of entry-level homes remain high due to lack of supply and high demand?**

- The province was at the peak of the housing crisis when we took office
- That's why the 30-point housing plan includes rental, affordable housing development and measures such as the speculation and vacancy tax.
- But every level of government and the industry has a role to play to encourage the development of more types of housing to expand access to British Columbians.

**9. Are you overreaching privacy boundaries asking for personal information?**

- We have been working with the Office of the Information and Privacy Commissioner and will continue to work with them to ensure British Columbians information is safe and their privacy is respected.
- Government has a long history of keeping the personal information collected as part of our tax system secure.
- As with our other tax programs, the B.C. government only collects the data needed to administer the tax. And we are confident that our administration processes are compliant with FOIPPA.

**10. You've extended the exemptions for strata hotels and strata properties with rental restrictions – why not just make them permanent?**

- When we took office, we promised British Columbians that we would tackle the issue of affordable housing head on – and that's why we brought in our 30-point housing plan for B.C.
- These three specific exemptions were brought in to ensure British Columbians were not unfairly targeted by the tax in its inaugural year.
- We are extending these exemptions at this time to help British Columbians, including developers and those who own strata properties, work towards ensuring these properties are being used as housing for people.
- But our goal is to ensure these properties are being used as homes by British Columbians.

**11. Why didn't you extend the vacant land exemption to 2021, like the exemptions for strata hotels and strata properties with rental restrictions? Don't developers need transition time too?**

- We feel that two years for the vacant land temporary extension gives developers in B.C. enough time to begin actively developing that land.
- And let's remember, there are exemptions for land that is being developed.
- We feel this strikes the right balance.



**12. What do you say to critics who remain concerned that you are punishing British Columbians that have cabin properties in areas like Belcarra?**

- I really think it's important to remember province was at the peak of the housing crisis when we took office.
- That's why we tackled the crisis head-on with measures like the speculation and vacancy tax.
- For British Columbians who are lucky enough to afford two, three and sometimes four homes, they are eligible for a tax credit of up to \$2,000 is automatically applied to the tax they may owe on that second property.
- But it's important to remember why we brought in this tax – we still have a long way to go before we call real estate in B.C. affordable.

**13. What do you say to critics who say the real answer to the affordability problem isn't a tax, but increasing the level of affordable rental housing – what are you doing to fix that?**

- Our government agrees – there isn't one single measure that will address housing affordability in our province.
- That's why we brought in the 30-point housing plan – which includes the speculation and vacancy tax and record investments in housing. We are making very good progress towards building 114,000 homes for people living in B.C.
- But we also know that government can't solve this issue by itself – that's why we are partnering with private industry and other levels of government.
- This isn't an issue we can solve overnight, but together, I feel we are making real progress.

**14. Do you agree with critics that this tax is unfair because you aren't taxing every British Columbian with a second home, only those with homes in specific areas?**

- When we took office, B.C. was at the peak of housing unaffordability – individuals would purchase homes without doing an inspection.
- These behaviours seen in overheated markets were sadly the new norm in our more urban areas of our province.
- That's why we designed the tax to apply to our larger urban areas.
- But we've also been clear – we are open to working with municipalities to address affordability in their communities, and that includes looking at what options best fit their specific challenges.

**15. Isn't the answer to B.C.'s housing problem not taxes but encouraging the development of rental housing and new housing for families?**

- We agree that there isn't one solution to the housing crisis in B.C. That's why our housing plan includes measures to build 114,000 homes for people living in B.C.
- But as I've said before – the B.C. government can't do it alone.
- That's why we are committed to working with developers and municipalities to expand access to new rental housing and housing for B.C. families.

**16. Why is the Squamish Nation's 6,000-unit tower project exempt from the SVT?**

- Our government is committed to true and lasting reconciliation with Indigenous peoples in our province.
- That is why our government enshrined UNDRIP in our policies and laws.
- The speculation and vacancy tax does not apply to reserves as defined in the Indian Act, as well as treaty First Nations lands.
- We believe this approach aligns with the intent of UNDRIP and ensuring more opportunities for economic growth and self-determination for Indigenous peoples.

**17. If Meghan Markle and Prince Harry relocated to B.C. will they have to pay the speculation and vacancy tax?**

- Well – as you know – I cannot speak to specific tax cases, even if it involves the Royals.
- But it's no surprise to hear that the couple is considering moving to Canada, and to our beautiful province.
- This tax was designed to make sure our homes are being used to house people – not for speculative investment.
- Generally, **people who spend at least half the year living in their B.C. home** or rent out their house **for six months of the year** when they are living elsewhere would join the 99% of all British Columbians who are exempt from this tax.
- But as for the Royal couple, and as you've heard me say before – I cannot speak to any specific tax situations and I won't speculate here as well.

**Red portion:** Only if they were Permanent Residents, Canadian citizens or Provincial Nominees. Foreign nationals would need to have enough B.C. income to generate an income tax credit to offset the spec tax.

**Blue portions:** Need to rent the place out long term for six months.

**18. How did you determine the order that SVT declaration letters are produced and delivered?**

- The mailing scheduled for 2018 and 2019 was set according to administration requirements:
  - In 2018, declaration letters were scheduled to arrive after the byelection to respect the electoral process and any potential concerns from Elections BC.
  - And in 2019, the schedule is giving extra time to homeowners in the lower mainland, where the homeowner population is highest, and the property ownership structures tend to be more complex.
  - And we are working to avoid confusion in Vancouver by having SVT declaration letters delivered after the empty homes tax deadline.
  - The goal is to ensure even more property owners complete their declarations by the March 31 deadline.

**19. Have you begun to audit the 2018 declarations?**

- The Ministry has a thorough auditing and compliance process.
- Due to taxpayer confidentiality I cannot mention specifics, however several audits of the 2018 declarations have begun.
- Tax assessments will be issued if an audit determines that the property owner does not qualify for the exemption they applied for.

**CMHC: Housing Rental Report**

- When we formed government, B.C. was at the peak of the housing crisis.
- That's why we introduced a bold 30-point plan to tackle this key issue, including curbing speculative demand and building up housing supply.
- According to CMHC's 2019 survey results, the number of apartments in the long-term rental stock in Metro Vancouver in 2019 increased by nearly 19 percent from 2018 – the most significant annual increase in more than a decade.
- As the CMHC rental market report states, policies introduced at the government level are contributing to the number of condos available in the long-term rental stock.
- This is further evidence that policies like the Speculation and Vacancy Tax are helping to increase the number of home available to rent, while bringing in revenue to help build homes where the tax is applied.
- Yet - we still have a long way to go. Vacancy rates in Metro Vancouver are still hovering around 1% and the cost of renting a two-bedroom apartment is still out of reach for many families.
- As I have said all along there is not one policy or one tax that will solve our housing crisis. And it won't happen overnight. I am cautiously optimistic that we are heading in the right direction and some measure of affordability is starting to come back to our real estate market.



## WHAT DO I NEED TO DO?

- 1 Read your declaration letter.
- 2 Keep your **Letter ID** and **Declaration Code** – you'll need them to complete your declaration.
- 3 Have personal information, such as your **social insurance number** and **date of birth**, on hand. This information will help verify that you are eligible for an exemption.
- 4 Complete your declaration **online at [gov.bc.ca/spectax](http://gov.bc.ca/spectax)**. It's quick and easy.

If you are completing a declaration involving ownership by a corporation, trust, or business partnership – go to [gov.bc.ca/spectax](http://gov.bc.ca/spectax) to determine what information you'll need to provide.

## WHO NEEDS TO DECLARE?

All residential property owners in the taxable regions must declare.

If a property has more than one owner, a separate declaration must be made for each owner.

Even if the other owners are spouses, family members or part of an estate – each owner must complete a declaration.

## DEADLINES



**March 31, 2020**  
Declaration deadline.



**July 2, 2020**  
If applicable, speculation and vacancy tax payment due.

## WHERE YOU CAN FIND HELP

**In English:** [gov.bc.ca/spectax](http://gov.bc.ca/spectax)  
**1-833-554-2323**

**En français:** [gov.bc.ca/spectax](http://gov.bc.ca/spectax)  
**1-833-554-2323**

如有問題請諮詢稅務專家或致電:  
**1-833-554-2323**

如有问题请咨询税务专家或致电:  
**1-833-554-2323**

ਜੇ ਤੁਹਾਡਾ ਕੋਈ ਸਵਾਲ ਹੈ ਤਾਂ ਟੈਕਸ ਮਾਹਰ ਨਾਲ  
ਗੱਲ ਕਰੋ ਜਾਂ ਜਾਣਕਾਰੀ ਪ੍ਰਾਪਤ ਕਰਨ ਲਈ ਫੋਨ ਕਰੋ:  
**1-833-554-2323**

Mayroong tanong? Makipag-usap sa isang  
eksperto sa buwis o kumuha ng impormasyon  
sa: **1-833-554-2323**



## BC's Speculation and Vacancy Tax

More than  
**99%**  
of British  
Columbians  
are exempt

But you  
still have  
to declare

Declare by  
March 31, 2020 to  
claim your exemption

**Making Housing More Affordable**

## THE SPECULATION AND VACANCY TAX:

- Turns empty houses into homes by encouraging owners to rent their properties to people who need them.
- Discourages real estate speculation that inflates prices.
- Ensures homeowners who report the majority of their household income outside of Canada pay their fair share of taxes in BC.

Revenue from the tax will be used to fund affordable housing projects where the tax applies.

## DECLARE TO CLAIM YOUR EXEMPTION:

More than 99% of British Columbians are exempt from the speculation and vacancy tax, but all residential property owners in the taxable regions must declare to receive their exemption.

If you aren't eligible for an exemption, you may be eligible for a tax credit to reduce the amount of tax you pay.

Visit [gov.bc.ca/spectax](http://gov.bc.ca/spectax) for more information on exemptions that may apply to you.

## WHAT HAS CHANGED?

- We're ensuring fairness with new exemptions for Canadian Armed Forces members and for properties only accessible by water.
- The speculation and vacancy tax has increased from 0.5% to 2% for foreign owners and satellite families.
- New identification requirements for some property owners will help verify exemptions.

To learn more about these changes, go to [gov.bc.ca/spectax](http://gov.bc.ca/spectax)

Or phone **1-833-554-2323** to speak with a tax agent to discuss how these changes may apply to you.

## HOW ARE WE WORKING TO SOLVE BC'S HOUSING AFFORDABILITY CRISIS?

We launched Homes for BC, government's comprehensive housing plan and the largest investment in housing affordability in BC's history. This plan is moderating the market, building the homes people need and making renting more secure by:

- Delivering 114,000 affordable homes over ten years.
- Taxing speculators and foreign buyers, and using this revenue to build more housing.
- Cracking down on money laundering, stopping tax fraud, and closing loopholes to make BC's real estate market fair for everyone.

Making sure British Columbians have access to affordable housing is part of supporting a more sustainable economy that works for everyone.



[gov.bc.ca/spectax](http://gov.bc.ca/spectax)