BC’s Speculation & Vacancy Tax

Register to claim your exemption by March 31st, 2019
What is the Speculation & Vacancy Tax?

Payment is due by July 2, 2019

- Annual tax paid by some owners of residential properties in designated taxable regions of B.C. to make housing more affordable for people in B.C.

- Government 30-Point Plan to tackle the housing crisis where rents have skyrocketed out of reach for residents

- Designed to discourage housing speculation and turn vacant homes to good housing in BC’s major urban centres

- All residential property owners in the taxable regions must complete a declaration, even if they’re eligible for an exemption

Note: The speculation and vacancy tax is distinct from the empty homes tax in the City of Vancouver.
Those who own residential property located in a designated taxable region in BC must complete a declaration.

- Municipalities within the Capital Regional District. This excludes 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.
- Reserve lands, treaty lands and lands of self-governing Indigenous Nations are not part of the taxable regions.
- Islands that are accessible only by air or water are not part of the taxable regions.
- Some residential properties are excluded from the speculation and vacancy tax, even though they are located within a taxable region. These include residential properties owned by:
  - An Indigenous Nation.
  - Municipalities, regional districts, governments and other public bodies.
  - Registered charities.
  - Housing co-ops.
  - Certain not-for-profit organizations.

If you’re not sure if the residential property is in a taxable region, please email to spectaxinfo@gov.bc.ca or call 1 (833) 554-2323.
Exemption Summary

2018

- Live in their home as their principal residence or rent it for at least 3 subsequent months of the year
- Short-term rentals for periods of less than 1 month do not count towards the 3 month total

2019

- A home that is not a principal residence must be rented for at least 6 months per year
- Short-term rentals for periods of less than 1 month do not count towards the 6 month total
Claiming your Exemption

Must register your property by March 31st, 2019

Information necessary to register found in declaration letter mailed by mid-February:

- Declaration Code
- Letter ID
- Property Address
- Your Social Insurance Number (SIN)
Properties owned by December 31st, 2018, the tax rate is the same for everyone:

- 0.5% of the BC assessed value of your residential property as of July 1st, 2018 as determined by the BC Assessment

- BC owners are eligible for a tax credit of up to $2,000 on secondary properties to offset their tax payable. (The credit is limited to $2,000 per owner & $2,000 per property in the case of multiple owners per year)

- Applied based on ownership as of December 31st each year

- If a residential property has multiple owners, the tax is divided among each owner based on their ownership share. For example, if you and your spouse are equal owners, you’ll owe tax on 50% of the home’s assessed value

- A corporation, trustee or partner will pay tax at the highest rate that would be applicable to any of the corporate interest holders, beneficial owners or partnership interest holders if they held the residential property individually.
For **2019** and onwards, it will vary based on your residency and where you pay income tax:

- 2% for foreign owners & satellite families
- 0.5% for British Columbians & other Canadian citizens or permanent residents who are not members of a satellite family
- The Speculation & Vacancy Tax applies based on ownership as of December 31st each year

**How the tax will be charged if you’re eligible**

- If a residential property has multiple owners, the tax is divided among each owner based on their ownership share. For example, if you and your spouse are equal owners, you’ll owe tax on 50% of the home’s assessed value
- A corporation, trustee or partner will pay tax at the highest rate that would be applicable to any of the corporate interest holders, beneficial owners or partnership interest holders if they held the residential property individually.

**Here's how the tax affects you.**

**For British Columbians**

The tax will apply on homes they own but remain vacant within the designated urban areas – Metro Vancouver, the Capital Regional District (excluding the Gulf Islands and Juan de Fuca), Kelowna and West Kelowna, Nanaimo, Lantzville, Abbotsford, Chilliwack and Mission. Tax Rate: 0.5% of property value

99% of British Columbians will NOT pay this tax

**The tax rates for Foreign Speculators & Satellite Families:**

- **2%**

**The tax rates for Canadians in other provinces:**

- **1%**
What other exemptions could I be eligible for?

You may be eligible for other exemptions, even if your residential property isn’t your principal residence and you do not rent it out for the minimum number of months per year.

If you are not exempt, you will receive a tax notice with the amount you owe.

<table>
<thead>
<tr>
<th>Individuals Exemptions</th>
<th>Land Under Development Exemptions</th>
<th>Corporations, Trustees &amp; Partners Exemptions</th>
</tr>
</thead>
</table>
Not eligible for an exemption → you may qualify for a **tax credit!**

<table>
<thead>
<tr>
<th>BC Owners</th>
<th>Other Canadians</th>
<th>Foreign Owners &amp; Satellite Families</th>
</tr>
</thead>
</table>
| • Eligible for a tax credit up to $2,000 on a secondary property  
  This means an owner of a home assessed at up to $400,000, who would otherwise pay the tax, will be exempt, since the value of the tax credit is equal to or more than the amount they would owe. This also means an owner of a home assessed at above $400,000 will only pay tax on the amount over $400,000 (for example, for a $500,000 property, the owner will only pay tax on $100,000).  
• The credit is limited to $2,000 per owner and $2,000 per property (in the case of multiple owners) per year.  
• The tax credit cannot be carried forward or transferred to a spouse. | • Eligible for a tax credit based on that income claimed in B.C. The tax credit cannot reduce the tax rate below the **tax rate** for an equivalent B.C. resident.  
• Unused tax credits may be carried forward for up to two years or transferred to a spouse.  
• The tax credits are pro-rated in 2018, when the tax rate is 0.5% for all owners. | Foreign owners and **satellite families** can claim a tax credit equal to 20% of their B.C. income to reduce the 2% speculation and vacancy tax owing. The tax credit cannot reduce the **tax rate** below the rate for an equivalent B.C. resident (zero on a principal residence or 0.5% on other properties). Unused B.C. income may be carried forward for up to two years or transferred to a spouse. The tax credits are pro-rated in 2018, when the tax rate is 0.5% for all owners. |
Speculation & Vacancy Tax is due July 2nd, 2019

Payments

Acceptable methods of payment

- Online Payment System
- Pay through your financial institution
- By cheque
- In person at a Service BC Centre

What if I don’t pay all or part of what I owe?

If you are charged but don’t pay what you owe, you may be charged a penalty & interest in addition to the amount of tax you already owe.

What if I pay & later find out I’m exempt?

You can get a refund if you already paid the speculation & vacancy tax. You must contact 1.833.554.2323 to request either a refund or credit which will be applied to your next year’s speculation & vacancy tax.
BC’s Speculation and Vacancy Tax

All information can be found by visiting:

https://www2.gov.bc.ca/gov/content/taxes/property-taxes/speculation-and-vacancy-tax

Contact Info

604 660 2421
1 833 554 2323
spectaxinfo@gov.bc.ca
gov.bc.ca/spectax