

INSTRUCTION GUIDE

For completion of either the First Time Home Buyers' Property Transfer Tax Return
OR the First Time Home Buyers' Application for Refund

The following information outlines the requirements of the program. Please provide each applicant for the First Time Home Buyers' Exemption with a copy of this guide. Applicants signing either the First Time Home Buyers' Property Transfer Tax Return or the First Time Home Buyers' Application for Refund should read and understand these conditions.

Conditions:

1. Each purchaser applying for exemption/refund as a first time home buyer, must be a Canadian Citizen or a permanent resident of Canada (landed immigrant), and must have resided in the province of British Columbia for a period of at least one year immediately prior to the application to register the purchase of the principal residence.
2. Each purchaser who applies for the exemption/refund must not have previously owned an interest in a principal residence anywhere.
3. The fair market value of the land and improvements which comprise the principal residence must not exceed:
 - \$275,000 if located within the Capital Regional District, Greater Vancouver Regional District or Fraser Valley Regional District.
 - \$225,000 if located elsewhere in the province.
4. The amount borrowed to finance the purchase and registered against the title must be 70% or greater of the fair market value (not including amounts borrowed from related individuals). The financing must be registered within seven days of the date of the transfer. Registered financing assumed by a purchaser may be included. Only borrowed financing that is being applied toward the purchase price of the principal residence will qualify for purposes of this exemption.
5. The amount borrowed must have a term of at least one year following the date of registration of the purchase at the land title office.
 - Where the mortgage has a term of less than one year, the purchaser must pay the tax at the time of purchase and apply for a refund at the time the mortgage is renewed to extend to the full year.
 - Where the mortgage is a demand mortgage which does not state the term on the face of the document, the purchaser must pay the tax at the time of purchase and apply for a refund prior to the first anniversary of the date of registration.
6. **Where an application for a refund of tax paid is not made within 18 months of the date of registration, the purchaser is disqualified from applying for a refund of the tax paid.**
7. If the property purchased is vacant land, construction of a residence must be completed within the year following registration of the purchase and the purchasers must reside there for the balance of the year. The fair market value of the land and the cost of the improvement on the property must be within the maximum values established for the locality where the residence is located.
8. If the property has a residence on it, the purchaser must occupy the property as their principal residence within 92 days of the date of registration of the transfer at the land title office.
9. The **full exemption/refund is available** on properties where all of the improvements are classified as residential and the land portion does not exceed 0.5 hectares (1.24 acres) in area. **A partial exemption/refund may be available** where:
 - the improvements (buildings) are not all classified as residential. In this case, only the fair market value of buildings classified as residential are to be included in the exemption calculation. The purchase price of the entire property must not exceed the limitations outlined.
 - the land exceeds 0.5 hectares in area. In this case, the exempt portion of the fair market value of the land is restricted to a fractional 0.5 hectare portion. The exempt portion is calculated by dividing the fair market value of the land by the total area (in hectares) of the parcel and then multiplying the result by 0.5 hectares. Once again, the purchase price of the entire property must not exceed the limitations outlined.

Other Conditions:

1. The applicant(s) claiming the exemption/refund must sign the certification portion of the tax return/application for refund, granting the administrator the right to verify the information submitted in the tax return/application for refund for the purpose of confirming eligibility for the exemption/refund. The Administrator intends to examine relevant information in the Motor Vehicle Branch, the Home Owner Grant Office, BC Hydro, Land Title Office and BC Assessment Authority to confirm eligibility.
2. The purchaser(s), by signing the tax return/application for refund claiming the exemption/refund, grants the Ministry of Provincial Revenue the right to place a lien against the title to the property in the amount of the tax which would have paid if the exemption/refund was not granted. This lien will remain in place for one year or until all of the requirements of the exemption are met, or the tax is paid.
3. The purchaser(s) must occupy and use the property as their principal residence for the one year period following the date of registration of the purchase at the Land Title Office. Eligibility for exemption/refund will not be denied where a purchaser fails to occupy the property for the year immediately following the purchase because of the death of the purchaser, or because they separate or divorce and claim exemption code 15 [section 5(2)(b)] on the transfer of their interest in the property.
4. Regardless of the type of mortgage financing used, the principal amount of the eligible indebtedness (amount borrowed to finance the purchase) may not be reduced during the first year following the purchase by more than the greater of:
 - the amount that would reduce the eligible indebtedness to 70% of the fair market value of the property at the time of purchase, and
 - \$11,000 if the principal residence is located within the Capital Regional District, Greater Vancouver Regional District or Fraser Valley Regional District, or
 - \$9,000 if the principal residence is located elsewhere in the province.

All payments made against the principal amount, whether the principal portion of regular payments or lump-sum payments, are used in calculating the amount by which the eligible indebtedness has been reduced.

If the type of financing used permits amounts to be borrowed in addition to the amount borrowed to finance the purchase of the principal residence (e.g., readvanceable mortgages or lines of credit), all payments made against the various principal amounts are pro-rated between the various amounts borrowed, and only the amounts pro-rated to the eligible indebtedness will be used to calculate the reduction in the amount of that eligible indebtedness.

An exception is provided where a purchaser dies during the year immediately following purchase of the property. In these cases, the qualifying financing may be reduced by an amount equal to the amount of life insurance proceeds that are payable and paid to reduce the qualifying financing.

5. If the purchaser(s) makes a false declaration on the tax return/application for refund, the Administrator may assess a penalty equal to the tax otherwise payable.