

Speculation & Vacancy Tax

What is it?

This is an annual tax on residential property located within BC's major urban centres. The speculation and vacancy tax is designed to prevent housing speculation and help turn vacant and underutilized properties into homes for people who live and work in BC.

All owners of residential property within a *designated taxable* region will pay this tax **UNLESS** an exemption can be claimed. The most common exemptions will include where a property was used as a principal residence, was rented out to a tenant (note that short-term rental arrangements do not qualify), where construction of a new home or substantial renovation were carried out, or where the property was acquired within the year. If you don't own property in a designated taxable region, you don't need to complete a declaration.



Taxable Regions

- Municipalities within the Capital Regional District;
- 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 and the City of West Kelowna;
- The City of Nanaimo and the District of Lantzville.

What is the tax levied at?

For 2018, the tax will be levied at 0.5% of the property's assessed value, which would be \$5,000 a year for a property assessed at one million.

For 2019 and subsequent years, the tax will be levied at:

- 2% for foreign owners and satellite families. A satellite family is an individual together with his or her spouse, who does not report the majority of their income on a Canadian tax return. Foreign owners are property owners who are not Canadian citizens or permanent residents.
- 0.5% for British Columbians and other Canadian citizens or permanent residents who are not members of a satellite family.

The tax will be levied on owners who own the property on December 31 of each taxation year. Where there are multiple owners on title, each owner will be required to file a property declaration. The tax is calculated as a proportion of the assessed value of the property.

Please note that this is a brief snapshot only and does not refer to all requirements, exemptions, rules and regulations. Clients are advised to seek independent professional advice to determine if a property may be subject to this tax.