

Common FAQs to the Speculation and Vacancy Tax for builders and developers

CHBA BC has asked the Ministry of Finance to provide common FAQs regarding the Speculation and Vacancy Tax to assist builders and developers applying for exemptions. These answers are located below. Further questions on the specifics of a situation should be directed to the Ministry of Finance and not CHBA BC.

This correspondence below describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Visit the [speculation and vacancy tax website](#) for further information and a complete list of exemptions. To learn what is new or has changed, you can [subscribe here to receive updates](#) about the speculation and vacancy tax.

1. Which address will receive the letter from the Ministry if I have a business address and a personal address?

The declaration letter from the Ministry of Finance will be sent to the mailing address on file for the property with BC Assessment.

2. Can I change the address it will be mailed to annually? For example, for raw land sites?

Yes, but address changes must be made through BC Assessment. See <https://info.bcassessment.ca/Services-products/update-your-property-information>

3. What types of paperwork should I keep on record in case my file is audited in future years?

An owner who claims an exemption must keep reasonable documentation for six years to establish that the requirements have been met. Examples for property development exemptions could include permit applications, project planning timelines, financing information, contracts with building contractors, occupancy permits.

4. Do my sites need to be side by side for a phased development? What about road placement?

The sites do not need to be side by side but certain criteria must be met (section 43 SVTA). A "phased residential development" is a development of 5 or more residences on 2 or more residential properties if the development will be carried out in phases and every owner of the

residential properties is the same person or a related person within the meaning of section 251(2) of the federal *Income Tax Act*.

Owners are exempt where specific multi-unit residential developments are being built in phases on two or more residential properties, if reasonable steps are being taken without undue delay to develop one of the residential properties. The exemption does not apply if any residences on the properties could have been occupied as a home for a period of 180 days in the calendar year.

5. What happens if there is an uninhabitable structure on land marked for development or a phased development?

If the structure is assessed by BC Assessment as a Class 01(Residential) improvement, then SVT will apply to the assessed value of the structure unless an exemption applies. For 2018 only, there is an exemption available for properties that did not have a residence on them as of October 16, 2018 (section 26 SVTA). "Residence" means a detached house, cottage or other single-family dwelling; dwelling that is a strata lot; or an apartment. If the uninhabitable structure was not a "residence" then this exemption may apply for 2018.

Alternatively, if the uninhabitable structure is a "residence" there is an exemption for a residence which becomes uninhabitable for 60 consecutive days in a particular calendar year, for reasons beyond the owner's control (section 24 SVTA). This exemption is available in the year the property became uninhabitable, and in the following year if the property remains uninhabitable for at least 60 days in the second year.

6. What about my show homes that will be intentionally vacant during sales?

Show homes, which we take to mean homes that are physically ready for occupation, but which are vacant because they are being used for sales.

While those homes are still owned by the developer, they will be exempt from the speculation and vacancy tax, while the criteria in section 44 of the *Speculation and Vacancy Tax Act* are met. To paraphrase the applicable section of the legislation show homes will be exempt under the provisions for "vacant new inventory" while they:

- are part of a residential development of 5 or more homes
- are newly constructed
- have not yet been occupied as a home
- have been offered for sale to the public in the calendar year
- are owned by the developer of the property

While a show home is being used to market a residential development, it is considered to be offered for sale to the public.

7. How do we declare if the land is owned through a joint venture or corporation?

Every person registered on the property title in the records of the Land Title Office must declare. The declaration should be completed by an individual authorized to declare on behalf of the corporation, joint venture or partnership.

8. If a developer has gone through the process of subdividing his property into an 80-lot subdivision, but the roads/servicing are not in place yet, does he need to produce 80 separate declarations, even though there is no way that any of those individual properties could be utilized for habitation yet? At what point do we need separate declarations vs one large parcel declaration?

Once the subdivision is reflected in the records of the Land Title Office and separate land titles exist for each lot, a declaration must be completed for each lot.

9. What do I do if I feel my property was incorrectly assessed?

Concerns with the assessed value or classification of your property should be directed to BC Assessment. **The deadline for assessment appeals is January 31, 2019.**

<https://info.bccassessment.ca/Services-products/appeals>

If you receive a Notice of Assessment for tax owing from the Ministry of Finance, contact us at:

Toll Free: 1 (833) 554-2323

(Outside North America) Office: 1 (604) 660-2421

Email: spectaxinfo@gov.bc.ca

10. Where can I find more information or ask questions?

Contact us

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