

Ministry of Finance

Tax Information Sheet



April 2006

Information Sheet

www.fin.gov.bc.ca/rev.htm

Leases and Property Transfer Tax

This information sheet is an overview of how property transfer tax (PTT) applies to leases of real property. Please contact us for detailed information on how PTT applies to your situation.

PTT is a registration tax that you pay whenever you acquire an interest in a property. In certain cases, you could be exempt from paying PTT on property that you lease.

Will You Have to Pay PTT on a Lease?

Generally, it depends on the length of the lease and whether you officially register the transfer with the BC Land Title and Survey Authority.

- If you do not register, then you will not have to pay PTT because PTT is payable only on the registration of an interest in land at a land title office.
- If you register the interest in land with the BC Land Title and Survey Authority, but the lease is for a period of less than 30 years (including any rights to renew), the transaction is exempt from PTT.
- You will pay PTT if your lease is over 30 years (including any rights to renew).
- If you choose to prepay your lease, and the term of the lease is longer than 30 years, you will pay PTT.

How Much Will the Tax Be?

The amount of PTT you pay is based on the fair market value of the property. The fair market value of a lease depends on the value of the property and the remaining term of your lease at the date it is registered. The calculations to determine the value of the lease for PTT are in the regulations to the *Property Transfer Tax Act*. Tax on fair market value for any amount less than \$200,000 is calculated at 1%. Tax on fair market value for any amount over \$200,000 is calculated at 2%.

More Information?

Detailed information on property transfer tax is provided in [Bulletin PTT 001](#) *Property Transfer Tax Generally*. This bulletin contains examples of fair market value calculations of tax on amounts above and below \$200,000. There are a number of bulletins and brochures available on our website at www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Transfer_Tax/form_pub_leg.htm As the application of the Act to leases is complex, please contact the Property Taxation Branch if you have more questions.

In Victoria call: 250 387-0604

If you are outside Victoria, you can call a **Service BC Centre** and ask to be transferred:

- In Vancouver call: 604 660-2421
- Elsewhere in BC call toll free: 1 800 663-7867

E-mail: PTTENQ@gov.bc.ca