



Details on BC's Speculation and Vacancy Tax

To: BC Employers with SAWP Housing **Date:** March 26, 2019
From: Veronica Moreno, WALI Program Manager
Topic: Response from the Ministry of Finance on BC Speculation and Vacancy Tax

Response from the Ministry of Finance;

Please find below responses to the forwarded questions. This information is provided on the assumption that the owner of the property is a Canadian citizen, permanent resident of Canada or provincial nominee, who is also a resident of B.C. for income tax purposes and is not a member of a satellite family.

1. Will growers with SAWP housing on their property be subject to the speculation and vacancy tax (SVT)?

For the purposes of the Speculation and Vacancy Tax Act (SVTA), "residential property" includes improvements or portions of improvements that are class 1 (residential) property on class 9 (farm) land, but it does not include property with an assessed value of equal to or less than \$150,000. If the grower's property has one or more class 1 improvements on the land totaling an assessed value of more than \$150,000, then the owner will be subject to the SVT, pending any exemptions.

If the owner lives in a residence on the farm land, and it serves as their principal residence (the place they reside for a longer period of time than any other place in the calendar year), then the owner would be exempt from the SVT for all of the improvements on the land, even if the rest were left vacant.

If the owner does not live in a residence on the farm land, but the SAWP housing or another class 1 improvement is occupied by tenants, then so long as the residence is occupied by tenants for 1-month minimum increments totaling at least 3 months in 2018 (6 months in 2019 and onward), the tenants have permission to occupy the residence, and the tenants reside in the residence for a longer period in the month than any other place, the owner will likely be eligible for a tenancy exemption.

If the SAWP housing is considered to be a bunkhouse by B.C. Assessment, then the entire property will be excluded from the SVT. For more information on whether the housing constitutes a bunkhouse, please contact B.C. Assessment.

2. Will owners of homes on ALR land, where renting is restricted to farm workers, be subject to the SVT?

If the farmer has a second home on the property, the class 1 improvements have a total assessed value of more than \$150,000, and the home cannot be considered a bunkhouse, then the property will likely be subject to the SVT, pending any exemptions.

As above, if the owner lives in a residence on the farm land, and it serves as their principal residence (the place they reside for a longer period of time than any other place in the calendar year), then the owner would be exempt from the SVT for all of the improvements on the land, even if the rest were left vacant.

In order to be eligible for a restricted rentals exemption, the rental restriction for ALR lands must be a covenant under section 219 of the Land Title Act. If this is the case, then the owner will be eligible for an

exemption for the 2018 and 2019 calendar years, provided that the rental restriction was in place on or before October 16, 2018 and the owner purchased the property before that date.

This correspondence 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.

Regards,

Speculation and Vacancy Tax Rulings Team
Property Taxation Branch
Ministry of Finance

More information on BC's speculation and vacancy tax can be found [here](#).