

Information for Non-Residents Purchasing Real estate in British Columbia:

There are no restrictions on non-residents purchasing property in British Columbia. There is no citizenship requirement to own land in B.C.

There are restrictions on how much time may be spent in B.C. each year as a non-resident property owner. There are also income tax considerations to be aware of when a non-resident rents out a property or sells a property in British Columbia.

Non-residents are permitted to stay in Canada 180 days each year. Please note, non-residents who overstay in Canada can be deemed to be Canadian residents for Canadian income tax purposes and be taxed in Canada on their world income, even if they have paid taxes in another country.

As a non-resident, mortgage financing is generally available at 65% so you'll need 35% as a down payment.

Some lenders may require 40% or more depending on your circumstances and the property. Qualifying for mortgage financing in Vancouver is similar to other countries and can usually be accomplished via fax and e-mail.

The mortgage approval may take a few days and the mortgage broker will advise you what information they need. The borrower will require the services of a Canadian lawyer or notary public to prepare the mortgage documents and registration at the Land Titles office. Documents can be couriered outside Canada for signing - this can be arranged with the lawyer and lender well in advance of the completion date.

As for costs to purchase real estate in Vancouver, BC are the more or less the same for residents and non-residents.

Additional Costs ASSOCIATED WITH PURCHASING REAL ESTATE IN BC

Property Transfer Tax (different from property tax below)

Property Transfer Tax is an unavoidable provincial tax on the transfer of all real estate British Columbia. The tax is calculated as follows: 1% of the first \$200,000, and 2% of the remainder of the purchase price. This tax is payable at the time of purchase/conveyance and is usually included on the Buyer's statement of adjustments by the Buyer's lawyer or notary.

GST - (Goods and Services Tax) - is 5% on new construction and substantially renovated properties. GST is sometimes included in the list price. Buyers of new properties costing \$350,000 or less can apply for a partial GST rebate as long as the property is the purchaser's primary residence. For new properties costing \$350,000 - \$450,000, the rebate is decreased proportionally to zero for properties

costing \$450,000 or more. For more info on GST, please see: [the Revenue Canada website www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

As of July 2010, HST (12%) instead of GST will be implemented in BC. Government will give some tax credit for buyers who purchase new construction or substantially renovated properties since then.

Realtor's Commissions

As a Buyer, you do not pay commissions. Commissions are paid by the seller.

Appraisal

Your lender may require a property appraisal at your expense. Costs vary \$150-\$300.

Site Survey (not typically done for condos)

Your lender may require an up-to-date survey. If the Seller does not have one, you may have to absorb the costs to have one done.

Legal Fees

Lawyer or notary fees will vary depending on the complexity of the transaction and are often \$600-\$1500 plus disbursements plus GST. Your legal representative will review your contracts, search the title, draft mortgage documents and facilitate the transfer and registration of title.

Home Inspection

If you choose to have an inspection, costs are typically \$250-\$500, depending on the size of the property and complexity of the inspection. It's a very good idea to have an inspection done when buying detached housing and post-warranty condominiums. It's less critical to have an inspection on a brand new condo under warranty. We will be pleased to advise you on the value of having a home inspection performed on your chosen property and we'll be pleased to recommend a good, registered inspector.

Insurance

You are well advised to insure your property. As per the standard contract of Purchase and Sale, the purchaser is responsible to insure the property as of 0001Am on the day of completion. If you are buying a condo, it's critical that you get condo residents "contents insurance". The condo building itself will be insured by the strata (Home Owner's Association) but you must purchase insurance for your contents and liability. Fees vary.

Strata Fees (similar to Home-Owner's Association fees)

These are monthly fees that typically cover the costs of building insurance, building maintenance, garbage removal, water, gas, recreation facilities, and concierge services. Fees vary depending on the level of services provided by the strata and are usually available on the listing detail sheet. These fees are generally paid via auto-debit directly from your bank account or via post-dated cheque.

Property Tax

Property Tax is levied annually. The difference between Property Tax and Property Transfer Tax is that PTT is a one-time provincial tax which is charged at the time of title transfer and Property Tax is paid annually to the local taxation authorities. It is determined by applying the value of the property as assessed by the provincial assessment authority to the current tax rates as stated by the local tax authority. The amount can differ each year but generally Property Tax falls between 0.5-2.5% of the home's market value.

Residence Status and Income Tax

Non-residents who overstay in Canada can be deemed to be Canadian residents for Canadian income tax purposes and be taxed in Canada on their world income, even if they have paid taxes in another country.

Non-residents of Canada pay tax on income received from sources in Canada. The type of tax paid, and the requirement to file income tax returns, depends on the type of income received.

Non-residents who rent out a property must, by law, remit 25% of their monthly revenue to Revenue Canada in anticipation of filing a Canadian Income Tax Return on their rental 'business' by the end of the next tax year. Timely filing of the required form confirming a net loss on the rental investment may preclude the requirement for the 25% remittance.

When a non-resident owner sells Canadian property, Canadian law requires a 25% holdback of the proceeds of the sale pending filing of a Canadian Income Tax return by the end of the next tax year calculating Canadian tax owed on any Capital Gain. Alternatively, the owner may obtain a 'Clearance Certificate' that may be applied for in advance of the sale. This Certificate may reduce the holdback to a percentage of the capital gain instead.

There is a tax treaty in effect between Canada and many countries, including the U.S., which allows a credit against the tax owed in Canada in the amount of what tax has been paid in the treaty country on any capital gain. Numerous countries have signed tax conventions with Canada.

More information:

- Non-Residents, Canada Revenue Agency
<http://www.cra-arc.gc.ca/tx/nrrsdnts/menu-eng.html?=#slnk>
- Tax Treaties, Canada Revenue Agency
<http://www.cra-arc.gc.ca/tx/nrrsdnts/trty-eng.html>

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