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THE PROPERTY TAX DEFERMENT PROGRAM



February 2012

The British Columbia Property Tax Deferment Program

The British Columbia Property Tax Deferment Program is a loan program that allows you to defer your annual property taxes on your home if you meet certain criteria as outlined below.

Qualifications

To qualify for the program, you must meet the following criteria:

- you are a Canadian citizen or permanent resident who has lived in British Columbia for at least one year immediately prior to applying for tax deferment,
- you are
 - 55 years or older during that calendar year (only one spouse must be 55 or older),
 - a surviving spouse, or
 - a person with disabilities as defined by regulation*, and
- you must have, and maintain, a minimum equity of 25% of the current BC Assessment value (other appraised values are not accepted), after deducting the upper limit of all outstanding mortgages, lines of credit and other charges on your home. Your assessed property value for this calculation must exclude any improvements that are not covered by a current fire insurance policy.

* For detailed information, visit our website at www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Tax_Deferment/ptd.htm

Taxes paid to a First Nation are not eligible for the deferment program. You can only defer property taxes paid to a municipality or the province.

Homes That Qualify for Tax Deferment

You may defer taxes on your home where you live and conduct your daily activities.

If you have a life estate interest in your home, you may also qualify for tax deferment.

Second residences, such as summer cottages or rental properties, do not qualify for tax deferment benefits. Properties registered solely in the name of a business, an executor or executrix, an estate or in trust, also do not qualify.

How to Apply

Once you receive your property tax notice, follow the steps below to apply for the program.

- Pick up an *Application and Agreement for Deferment of Property Taxes* form (**FIN 51**), available from your municipal office or Service BC Centre, or through our website at www.sbr.gov.bc.ca/individuals/property_taxes/property_tax_deferment/forms.htm
- Complete your home owner grant application and tax deferment application forms, ensuring **all** registered owners of your home sign the deferment application.
- **Before** your tax due date, send your property tax notice, home owner grant and tax deferment application forms to:
 - if you reside in a municipality, the taxing authority that issued your tax notice,
 - if you live in a rural area, the Service BC Centre in your area, or send directly to the Tax Deferment Office in Victoria.

If you wish to continue to defer taxes in subsequent years, you must apply each year for tax deferment. For example, deferral of your 2011 taxes will not automatically result in the deferral of your 2012 taxes. If you miss the property tax due date, you have until December 31 of the current taxation year to apply; however, penalties will apply.

Tax deferment liens are restrictive. Please complete changes – such as adding or removing owners, subdivisions or refinancing – to the titled ownership before applying for deferment benefits. Title changes after deferment (other than adding your spouse) require repayment of your deferment account.

The Property Tax Deferment Program office receives your application and determines your eligibility. If your application is approved, it becomes a signed agreement and a lien is registered in the land title office or, if your home is a manufactured home, in the Personal Property Registry. The tax deferment office then pays your current property taxes for you. The lien remains in effect until the account is paid in full.

You must pay late payment penalty charges if, after the property tax due date, you:

- are found ineligible for the program,
- cancel or withdraw your application for any reason before this office pays the taxes on your behalf,
- apply for deferment after the property tax payment due date, or
- sell your home before the taxes have been paid on your behalf.

Please note: The Property Tax Deferment Program is a multi-step process that includes several offices within the municipal and provincial governments; therefore, applications that require additional information may take several months to complete.

Fees

The following fees apply.

- A one-time administration fee of \$60 for new approved agreements.
- A \$10 annual renewal fee for accounts with approved renewal applications.

Do not send in these fees. We will mail you a *Statement of Account* and a *Renewal Application* in May.

The Taxes You Can Defer

After deducting your homeowner grant, you can defer all, or part, of the unpaid balance of your residential property taxes for the current year.

All penalties, interest, previous years' property taxes, user fees and utility charges must be paid to your taxing authority, as these cannot be deferred.

If you rent out part of your home, or part of your home is used for business purposes, you can defer taxes only on the part in which you are living. (Contact us for more information.)

Interest

Simple interest is charged on your deferment account at a rate not greater than 2% below the bank prime rate and is set every six months in April and October. Interest begins from the date your property tax is due or the date you apply to defer your taxes, whichever is later. For the current interest rate, please see our website at www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Tax_Deferment/interest_rates.htm

When You Must Repay the Deferred Taxes

You can defer your taxes as long as you own and live in your home and continue to qualify for the program. You will receive a *Statement of Account* and *Renewal Application* each year. If you wish to continue deferring your property taxes in subsequent years, you must complete and submit the *Renewal Application* for each year. If you choose not to renew, you will be responsible for paying your property taxes.

The deferred taxes must be fully repaid, with interest:

- before your home can be legally transferred to a new owner, other than adding your spouse, or
- upon the death of the agreement holders(s).

You may repay all, or part of, the deferred taxes, fees and interest at any time without penalty. If you refinance your home, your mortgage holder may require full repayment of the deferred taxes upon refinancing.

Other Property Tax Deferment Programs

The Financial Hardship Property Tax Deferment Program was in place for the 2009 and 2010 tax years; however, it is no longer available.

The Families with Children Property Tax Deferment Program is available for eligible homeowners who are financially supporting a dependent child under age 18. Program details and qualification requirements are available on our website at www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Tax_Deferment/ptd.htm

More Information

Contact your municipal office or nearest Service BC Centre listed in the blue pages of your telephone directory, or:

Tax Deferment Program
Ministry of Finance
PO Box 9475 Stn Prov Govt, Victoria BC V8W 9W6
Phone: 250 387-0555 in Victoria
E-mail: taxdeferment@gov.bc.ca

www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Tax_Deferment/ptd.htm

Enquiry BC

604 660-2421 in Vancouver, or
1 800 663-7867 elsewhere in British Columbia and request a transfer to 250 387-0555