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THE PROPERTY TAX DEFERMENT PROGRAM



April 2009

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.

To qualify, you must be a Canadian citizen or permanent resident who has lived in British Columbia for at least one year immediately prior to applying for tax deferment benefits and be:

- 55 years or older during that calendar year (only one spouse must be 55 or older),
- a surviving spouse, or
- a person with a disability as defined by regulation*.

* For detailed information, visit our website at www.sbr.gov.bc.ca/individual.html and click on the Persons with Disabilities link.

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.

What Types of Homes Qualify for Tax Deferment?

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

Second residences, such as summer cottages or rental properties, do not qualify for tax deferment benefits.

You must have, and maintain, a minimum equity (after deducting the upper limit of all outstanding mortgages, lines of credit and other charges on your home) of 25% of the current assessed value determined by BC Assessment. Other appraised values are not accepted.

You must have a current fire insurance policy on your home.

If you own your home under a long-term lease or have a life estate interest in your home, you may also qualify for tax deferral.

For contact information, see the More Information section of this brochure.

How do I Apply for Tax Deferral?

You can apply once you receive your property tax notice.

- Pick up an *Application and Agreement for Deferral of Property Taxes* form (**FIN 51**), available from your municipal office or Service BC Centre, or through our website.
- Complete your home owner grant application and tax deferral application forms, ensuring **all** registered owners of your home sign the deferral application.
- Return the completed home owner grant and deferral forms to your municipal office or Service BC Centre for processing before the property tax due date.

If you miss the property tax due date, you have until December 31 of the current taxation year to apply. Before applying for deferral, you must pay all penalties, interest, previous years' property taxes, user fees and utility charges, as these cannot be deferred.

The Property Tax Deferral Program office receives your application, confirms receipt and determines your eligibility. If your application is approved, it becomes a signed agreement and a certified copy is registered as a lien in the Land Title office or, if your home is a manufactured home, in the Personal Property Registry. The lien remains in effect until the account is paid in full. Once the lien is registered, the deferral program pays your current property taxes for you.

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 deferral after the property tax payment due date, or
- sell your home before the taxes have been paid on your behalf.

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

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

Do Fees Apply?

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* in April and a *Renewal Application* in May.

How Much of my Taxes can I 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.)

What About Interest Charges?

Simple interest is charged on your deferment account at a rate not greater than 2% below the bank prime rate. The interest rate is set every six months.

Interest begins from the date your property tax is due or the date you apply to defer your taxes, whichever is later.

How Long can I Defer my Property 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. You must complete and submit the *Renewal Application* for each subsequent year that you wish to continue deferring your property taxes. If you choose not to renew, you will be responsible for paying your property tax notices.

The deferred taxes must be fully repaid, with interest:

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

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

Financial Hardship Property Tax Deferment

A new Financial Hardship Property Tax Deferment Program is also available for the 2009 and 2010 tax years. Program details and qualification requirements are available at www.sbr.gov.bc.ca/documents_library/shared_documents/Property_Tax_Deferment.pdf

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 9446 Stn Prov Govt, Victoria BC V8W 9V6
Phone: 250 387-0555 in Victoria
E-mail: ruraltax@gov.bc.ca

In person: Tax Deferment Program
1802 Douglas Street, Victoria (wheelchair accessible)
www.sbr.gov.bc.ca/individuals/Property_Taxes/Property_Tax_Deferment/ptd.htm

Enquiry BC

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