

## Changes to Legislation Administered by the Ministry of Provincial Revenue

On February 15, 2005, the Minister of Finance announced a number of changes to the taxation statutes administered by the Ministry of Provincial Revenue. This bulletin provides a summary of these changes.

Additional information on these amendments may be found on the Ministry of Provincial Revenue Web site at [www.rev.gov.bc.ca](http://www.rev.gov.bc.ca) or by calling the telephone numbers provided at the end of this bulletin. Information on the provincial budget may be found at [www.bcbudget.gov.bc.ca](http://www.bcbudget.gov.bc.ca).

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### SOCIAL SERVICE TAX ACT

#### Alternative Fuel Vehicles

Effective February 16, 2005, the following changes are made to the tax relief program for alternative fuel vehicles:

- the tax refund program for alternative fuel vehicles is replaced with a point of sale tax reduction,
- the amount of sales tax relief is enhanced, and
- changes are made to the definition of a hybrid electric vehicle.

**Point of Sale Tax Reduction:** Alternative fuel vehicles are new bi-fuel, hybrid electric or other vehicles manufactured to operate exclusively on electricity, ethanol, methanol, natural gas or propane. Qualifying alternative fuel vehicles have in the past been eligible for a refund of all or a portion of the tax paid on the purchase or lease of the vehicle.

Effective February 16, 2005, the refund is replaced with a point of sale tax reduction. This means that you may obtain the benefit of the tax reduction at the time of purchasing or leasing a qualifying vehicle rather than applying for a refund after the sale or lease has taken place. Motor vehicle dealers are being provided with information on eligible vehicles and on procedures for providing the tax reductions at the time of sale or lease. The point of sale tax reduction applies to all purchases and leases of alternative fuel vehicles that take place on or after February 16, 2005. Vehicles purchased or leased before this date remain eligible for the tax refund.

**Amount of the Tax Reduction:** Under the previous refund program, the refund amount on the purchase or lease of qualifying alternative fuel vehicles was 30% of the tax paid to a maximum of \$1,000, \$5,000, or \$10,000, depending on whether the vehicle was a passenger vehicle, a shuttle bus with a seating capacity of 14 to 29 passengers, or a passenger bus with a seating capacity of 30 or more passengers.

Under the new program, the tax reduction for qualifying alternative fuel passenger vehicles, *other than hybrid electric passenger vehicles*, is increased to 50% of the tax payable to a maximum of \$1,000.

The tax reductions for shuttle buses and passenger buses are increased to 50% of the tax payable to a maximum of \$5,000 and \$10,000 respectively.

**Hybrid Electric Vehicles:** To qualify under the new and expanded definition of hybrid electric vehicle a vehicle must be manufactured with both an internal combustion engine and an electric motor and must be:

- capable of being propelled simultaneously by both the internal combustion engine and the electric motor, **or** solely by the electric motor operating on electricity generated by the internal combustion engine, and
- designed to automatically shut off the engine while idling, braking or coasting (commonly referred to as "idle stop"), and
- designed to capture and store electricity generated during braking.

Qualifying hybrid electric passenger vehicles (not passenger buses or shuttle buses) are eligible for a temporary, but increased, tax reduction to a maximum of \$2000. The tax reduction applies to new qualifying hybrid electric passenger vehicles purchased or leased on or after February 16, 2005 and before April 1, 2008. On April 1, 2008, the tax reduction amount is reduced to a maximum of \$1000 and is eliminated on April 1, 2009.

**More Info:** [Bulletin SST 087, Alternative Fuel Vehicles: Calculating the Tax Reduction](#)

#### Aquaculturists' Exemption Expanded

Effective February 16, 2005, the list of items that qualifying aquaculturists may purchase without payment of tax for an aquaculture purpose has been expanded to include mussel socking, pearl nets, and other netting used for shellfish seed and grow outs.

In addition, the length restriction on boats that may be purchased exempt has been expanded to include boats up to 20 metres in length. Previously, the exemption applied only to boats up to 11 metres in length.

**More Info:** [Bulletin SST 050, Bona Fide Aquaculturists](#)

## Energy Efficient Residential Furnaces, Boilers and Heat Pumps

For the period from February 16, 2005 to April 1, 2007, the following are exempt from tax when purchased or leased for residential purposes.

- Gas-fired forced-air furnaces, boilers, air-source heat pumps and ground-source heat pumps that are listed as being “ENERGY STAR Qualified” by the Office of Energy Efficiency, Natural Resources Canada.
- Oil-fired forced-air furnaces that have a Seasonal Energy Utilization Efficiency (SEUE) rating of at least 85% as established under the federal government’s *Energy Efficiency Act*.

A list of furnaces, boilers and heat pumps that meet these criteria are available on the ministry Web site.

Contractors who undertake the supply and installation of qualifying furnaces, boilers and heat pumps under lump sum real property contracts are eligible for a refund of tax paid on the purchase of such items if the furnace, boiler or heat pump was purchased before February 16, 2005 and installed on or after February 16, 2005. Applications for refunds must be made before February 16, 2006.

**More Info:** [Bulletin SST 011, Exemption for Material and Equipment Used to Conserve Energy; Notice to Suppliers and Installers of Residential Furnaces, Boilers and Heat Pumps](#)

## Environmental Levies

Effective February 16, 2005, all amounts collected as environmental levies on tires and batteries are required to be remitted to Government. This harmonizes the tax collection obligations on vendors of tires and batteries with those of all other vendors under the Act.

## Farmers’ Exemption Expanded

Effective February 16, 2005, the list of items that qualifying bona fide farmers may purchase without payment of tax for a farm purpose has been expanded to include disinfectant mats and tapeners (hand-held devices used to attach plants to plant supports).

**More Info:** [Bulletin SST 023, Bona Fide Farmers](#)

## Penstock Exemption Expanded

Effective February 16, 2005, the exemption for penstock piping and related equipment is expanded to include any hydroelectric power generating facility that is validly licensed under the *Water Act*. Previously, penstock was only exempt if located on a hydroelectric manufacturing site or for use in a run-of-river hydroelectric generating facility.

**More Info:** [Bulletin SST 117, Hydroelectric Power Generation – Penstock Exemptions](#)

## Programming Acquired for Public Broadcast or for Making Copies for Sale or Lease

Effective August 1, 1996, recordings of moving picture productions and recordings of audio productions, such as radio and television programs, movies and advertisements, are exempt from tax when acquired for the following purposes.

- The recording of the production is acquired for public broadcast by a licensed radio or television broadcaster. For example, a television station is not required to pay tax on the acquisition of a movie recorded on tape, disc or other medium acquired for broadcast.
- The recording of the production is acquired to make copies of the recording for:
  - public broadcast by a licensed radio or television broadcaster;
  - public exhibition in a movie theatre or other public venue (if the production is a motion picture and the person acquiring it is also the exhibitor, some tax may be payable as outlined below), or
  - sale or lease.

For example, a business is not required to pay tax on the purchase of a recording of a movie or television show if that recording is to be copied and the copies are to be used for a public television broadcast, for distribution to movie theatres for exhibition, or will be sold or leased.

This exemption applies retroactively to all purchases and leases of qualifying productions since August 1, 1996.

**Tax is payable where the person acquiring a motion picture is also the exhibitor:** Persons who acquire recordings of motion pictures exempt for the purpose of making copies for exhibition, and

exhibit the motion picture in their own movie theatre, are required to pay tax on an amount equivalent to the amount that would be charged to a third party exhibitor for the right to exhibit that motion picture. This ensures that all persons who exhibit motion pictures are subject to the same tax obligations.

### Audio and Visual Productions for Copying into Other Productions

Effective February 16, 2005, recordings of moving picture productions and audio productions are exempt from tax when acquired for the purpose of being **copied into**, to form a part of, a recording of a second moving picture or audio production where the second production is for the purpose of:

- public broadcast by a licensed radio or television broadcaster,
- public exhibition in a movie theatre or similar public venue, or
- sale or lease.

This exemption applies primarily to acquisitions of recordings, such as film and audio clips and soundtracks, by television and motion picture producers for use in producing films and TV shows. For example, a motion picture producer is not required to pay tax on a musical recording used to provide the soundtrack for a motion picture if the motion picture is made for public broadcast on a licensed television station (e.g., a made for TV movie). The exemption also applies if the motion picture is a movie made for exhibition in a movie theatre, or if it will be sold or leased (e.g., a direct to video movie).

### Safety Equipment Exemption Expanded

Effective February 16, 2005, all safety helmets used for sport, recreation and transportation are now exempt from tax. This includes, for example, bicycle and motorcycle helmets, horse riding helmets, boxing helmets, skateboard helmets, snowboard helmets, hockey helmets and football helmets. Previously, the exemption applied only to bicycle helmets, motorcycle helmets and work related safety helmets, such as hard hats and adult professional sports helmets. Such helmets continue to be exempt from tax.

The exemption level for self-contained residential smoke or fire alarm devices has been increased to

include devices selling for a unit price of under \$250. Previously, the exemption applied only to devices selling for under \$50.

**More Info:** [Bulletin SST 002, Exemption for Safety Equipment](#)

### Vehicle Surtax Thresholds for Passenger Vehicles Increased

Effective February 16, 2005, the threshold for the higher tax rates on purchases and leases of passenger vehicles is raised from \$47,000 to \$49,000. The tax rates applicable to passenger vehicles, as of February 16, 2005, are as follows.

Purchase Price (or tax rate value for leases)	Tax Rate
Less than \$49,000	7%
\$49,000—\$49,999.99	8%
\$50,000—\$50,999.99	9%
\$51,000 and over	10%

The new thresholds apply to all passenger vehicles purchased on or after February 16, 2005, even if the agreement to purchase was entered into, but not completed, prior to that date. For leased passenger vehicles, the new vehicle surtax thresholds apply to the first lease payment due on or after February 16, 2005.

## HOTEL ROOM TAX ACT

### Exemption for Industrial Camps

Effective February 16, 2005, lodging provided in qualifying industrial camps is exempt from tax.

Industrial camps are facilities that provide accommodation in bunkhouses, trailers or other structures that are:

- operated by or on behalf of an employer or under a contract with an employer, and
- operated solely for the purpose of providing lodging exclusively to employees of the employer, other persons engaged by the employer or to both, during periods when those persons are performing work or other services for the employer.

Exclusively means over 90%. This may be calculated as 90% of the time or 90% of the clientele over a one-year period.

Industrial camps that enter into contracts with several different employers are also eligible for this exemption provided that the camp meets the above criteria.

Industrial camps are generally located in remote areas of the province and provide lodging for persons working in the forestry, mining, oil and natural gas industries. They may occasionally sell accommodation to backpackers or other transient travellers or to government employees. Tax does not apply to the charge for such accommodation provided that the camp is used exclusively (over 90%) to provide lodging to persons performing work for an employer.

The exemption does not apply in a case where an employer rents rooms for employees in a hotel, motel, resort or other accommodation facility whose main purpose is to provide accommodation to the general public.

## **MOTOR FUEL TAX ACT**

### **Coloured Fuel Used by Farmers**

The Act is amended to clarify that farmers may use coloured fuel in any unlicensed motor vehicle that meets the following criteria:

- it is operated on land classified as a farm under the *Assessment Act*, and
- it is operated by or on behalf of a farmer for the purposes of that farmer's farm.

This authorization applies to any unlicensed vehicles, such as threshers, combines, loaders, all terrain vehicles and snowmobiles, provided all of the above conditions are met. Coloured fuel may also be used while qualifying vehicles are travelling on public roads between tracts of land classified as farm land.

**More Info:** [Bulletin SST 023, Bona Fide Farmers;](#)  
[www.rev.gov.bc.ca/ctb/MotorFuelTax.htm](http://www.rev.gov.bc.ca/ctb/MotorFuelTax.htm)

### **Penalty for Unauthorized Uses of Coloured Fuel**

Lower taxed coloured fuel may only be used for those purposes specified in the Act. Persons who purchase or use coloured fuel for an unauthorized purpose are now subject to a penalty equal to three times the clear fuel tax amount that would have been paid had the fuel not been coloured. This penalty is in addition to an assessment for the difference between the coloured fuel tax paid and the tax that would have been paid had the fuel not been coloured.

This penalty does not apply when coloured fuel is used to operate unlicensed motor vehicles off highway in a logging or mineral mining operation. Use of coloured fuel in such vehicles continues to be authorized provided that the difference between the coloured fuel tax paid and the tax that would have been paid had the fuel not be coloured is remitted to the province.

**More Info:** [Bulletin MFT 003, Bulk Agents – Coloured Fuels;](#) [www.rev.gov.bc.ca/ctb/MotorFuelTax.htm](http://www.rev.gov.bc.ca/ctb/MotorFuelTax.htm)

## **TOBACCO TAX ACT**

### **Definition of “Package”**

Effective February 16, 2005, the *Tobacco Tax Act* Regulation is amended to revise the definition of “package” of tobacco to increase the container size to 500 grams from 300 grams. This refers to packages of fine cut and loose tobacco.

Increasing the package size to 500 grams ensures that packages greater than 300 grams are required to be appropriately marked. The marking program provides a means of identifying tobacco acquired through the legitimate wholesale/retail chain and assists in curtailing tax losses from illicit tobacco trade.

## Seizure of Stolen Tobacco Products

The Act is amended to provide ministry officials with clear authority to seize tobacco products that are held for sale where the tobacco was not acquired from an authorized wholesaler. The maximum amount of tobacco that can be seized by a ministry official is 10,000 grams, equivalent to 50 cartons of cigarettes. Larger quantities of tobacco may only be seized by an authorized peace officer.

Tobacco that has not been acquired through the legitimate wholesale-retail chain is generally stolen

tobacco. The authority to seize such tobacco prevents it from being sold in the underground market, and is an important enforcement measure in curtailing illicit trade in black market tobacco.

This authority parallels the existing authority to seize tobacco that does not bear the provincial mark or that is stamped or marked by a person not authorized to do so.

Under the Act, a person who holds more than 1,000 grams of tobacco (equivalent to 5 cartons) is, in the absence of evidence to the contrary, considered to be holding the tobacco for sale.

## INCOME AND CORPORATE TAXES

### INCOME TAX ACT

#### British Columbia Small Business Limit

The British Columbia "business limit" to which the low rate of corporate income tax may be applied is increased to \$400,000 from \$300,000, effective January 1, 2005.

The business limit will be prorated based on the number of days in the taxation year before and after January 1, 2005.

**More Info:** [www.rev.gov.bc.ca/itb/itacit/itacit.htm](http://www.rev.gov.bc.ca/itb/itacit/itacit.htm)

#### BC Tax Reduction

The BC Tax Reduction reduces taxes payable by up to \$360 for individuals with a net income of \$16,000 or less. Individuals with a net income between \$16,000 and \$26,000 are eligible for a reduced credit. The credit is decreased by 3.6% of net income above \$16,000.

The BC Tax Reduction credit is effective January 1, 2005.

The maximum credit amount of \$360 and the \$16,000 income threshold will be indexed to the provincial inflation rate, starting in 2006.

**More Info:** [www.rev.gov.bc.ca/itb/itapit/itapit.htm](http://www.rev.gov.bc.ca/itb/itapit/itapit.htm)

#### Film and Television Tax Credit

The Film and Television tax credit currently provides a 20% refundable basic tax credit for BC-controlled film production corporations. An additional credit equal to 10% (for a total of 30%) of the corporation's qualified BC labour expenditure may be claimed if:

- the corporation is eligible for the basic tax credit,
- principal photography of the production begins after December 31, 2004 and before April 1, 2006, and
- the BC labour expenditure is incurred after December 31, 2004.

Transition rules apply to a film or television production, eligible for the basic tax credit, intended for television broadcast as a series, where principal photography began before January 1, 2005, or if principal photography is not completed by March 31, 2006.

**More Info:** [www.rev.gov.bc.ca/itb/filmcred/film.htm](http://www.rev.gov.bc.ca/itb/filmcred/film.htm)

#### Medical Expense Tax Credit

Effective for 2004 and subsequent years, taxpayers may claim more of the medical expenses that they incur on behalf of dependant relatives. The amendment to the medical expense credit parallels similar amendments proposed to the federal medical expense tax credit for 2004.

## Mining Exploration Tax Credit

The Mining Exploration Tax Credit is available to individuals and corporations, including active members of partnerships who undertake mineral exploration in British Columbia. This refundable credit is calculated as 20 percent of qualified mining exploration expenses. Expenses that qualify for the extended BC Mining Flow-Through Share tax credit do not qualify for the Mining Exploration tax credit.

The tax credit, which was scheduled to expire on July 31, 2006, is extended for qualified mining exploration expenses incurred before January 1, 2017.

**More Info:** [www.rev.gov.bc.ca/itb/me/me.htm](http://www.rev.gov.bc.ca/itb/me/me.htm)

## Production Services Tax Credit

The Production Services tax credit currently provides an 11% refundable tax credit for non BC-controlled film production corporations and service providers. An additional credit equal to 7% (for a total of 18%) of the corporation's accredited qualified BC labour expenditure may be claimed if:

- the corporation is eligible for the production services tax credit,
- principal photography of the production begins after December 31, 2004 and before April 1, 2006, and
- the accredited BC labour expenditure is incurred after December 31, 2004.

**More Info:** [www.rev.gov.bc.ca/itb/prodserv/prod.htm](http://www.rev.gov.bc.ca/itb/prodserv/prod.htm)

## OTHER CHANGES TO THE *INCOME TAX ACT*

To ensure that the administration of the *Income Tax Act* of British Columbia remains in harmony with the federal *Income Tax Act*, the following technical amendments have been introduced:

- Clarification that the determination of provincial refundable tax credits constitutes an assessment of income tax.
- Ensuring that penalty provisions in the federal *Income Tax Act* apply to provincial refundable tax credits.

- Providing that a corporation is deemed to have claimed the maximum federal foreign tax credit per country before a provincial foreign tax credit is allowed. This change is expected to be made applicable for corporate taxation years beginning on or after January 1, 2006.
- As per the federal *Income Tax Act*, providing that a series of transactions or events is deemed to include any related transactions or events completed in contemplation of the series.
- Confirming the existing policy of not charging additional interest on an amount specified in a notice if the amount is paid in full before the end of the period specified in the notice.

## CORPORATION CAPITAL TAX ACT

### Corporation Capital Tax Regulation

For the purpose of allocating net paid up capital by a bank or credit union to a jurisdiction outside of British Columbia, the Regulation is amended to provide the following definitions.

- Salaries and wages are defined as having the same meaning as in the *Income Tax Act* (Canada).
- Employee is defined to include directors, which is also consistent with the *Income Tax Act* (Canada).

### Investment Allowance Deduction

Effective April 1, 2005, the Act is amended to add a requirement that a financial corporation may only claim an investment allowance on its investment in shares of another financial corporation if it has the same taxation year end as the financial corporation in which it is investing.

### Retention of Books and Records

The Act is amended to require that a financial corporation retain its books and records for the latest of:

- 7 years after the date of delivery of a return for the taxation year;

- the date a waiver under section 29 ceases to have effect;
- 90 days after the date a revoked waiver under section 29 ceases to have effect, and
- until the date all appeals have been exhausted.

In addition, the Act is amended to provide an administrative penalty for failing to retain books and records of \$25 per day to a maximum of \$2,500. Previously, the penalty, on conviction, was not less than \$10 per day with no maximum penalty amount.

## **INTERNATIONAL FINANCIAL ACTIVITY ACT**

### **Appeals**

Effective September 1, 2004, the Act is amended to clarify the right of a corporation or an individual to appeal to the minister the commissioner's refusal to register the corporation or individual under the IFA tax refund program or the effective date of their registration under the program.

### **International Financial Centre British Columbia Society**

The Act is amended to reflect the change in name of the IFC International Financial Centre Society of Vancouver to the International Financial Centre British Columbia Society.

**More Info:** [www.rev.gov.bc.ca/itb/ifa/ifa.htm](http://www.rev.gov.bc.ca/itb/ifa/ifa.htm)

## **INSURANCE PREMIUM TAX ACT**

### **Administration and Enforcement**

The Act is amended to strengthen the ministry's ability to obtain access to records and information required for the purposes of determining a liability or potential liability under the Act.

The commissioner is now authorized to enter any business premises during normal business hours to inspect, audit, examine or copy any record. If the business premise is a private residence, the commissioner must have the consent of the occupant or must obtain a warrant from the court.

The commissioner may require any third party to provide, within a specified time, any information or any record relating to a named taxpayer. In addition, the commissioner may require information relating to an unnamed taxpayer from an insurance agent or insurance salesperson or, if a court order has been granted, from any other person.

### **Books and Records**

Previously under the Act, only taxpayers were required to keep adequate books and records. In addition, the commissioner could specify what books and records were required to be kept by taxpayers.

Both of these requirements are now expanded to apply to insurance agents as well as taxpayers.

In addition, the Act is amended to provide an administrative penalty for failing to keep adequate books and records or failing to provide information of \$25 per day to a maximum of \$2,500. Previously, the penalty, on conviction, was not less than \$10 per day with no maximum penalty amount.

### **Exempt Premiums**

The types of premiums exempt from tax are expanded to include:

- Effective September 15, 1990, premiums paid by a licensee under the *Real Estate Services Act* for errors and omissions insurance under that Act;
- Effective September 10, 2002, assessments levied by the Real Estate Compensation Fund Corporation for the Real Estate Special Compensation Fund;
- Effective January 1, 1997, premiums paid for medical services or health care insurance under a medical services or health care plan, if the plan is established or managed by a non-profit corporation authorized to carry on insurance business under the *Financial Institutions Act*, provided the plan provides for the direct payment of benefits to a health care professional.

## Residents of British Columbia

Unlicensed insurers are insurers who do not have a business authorization under the *Financial Institutions Act* to carry on an insurance business in the province.

If a resident of British Columbia enters into a contract of insurance with an unlicensed insurer,

the resident must pay tax on the premiums paid to the unlicensed insurer. The Act is amended to clarify that a corporation or partnership with a permanent establishment in British Columbia is a resident of British Columbia.

**More Info:** [Bulletin IPT 001, \*Insurance Premium Tax for Taxable Insurers\*](#); [Bulletin IPT 002, \*Insurance Purchased from an Unlicensed Insurer\*](#)

## PROPERTY TAXES

### PROPERTY TRANSFER TAX

#### First Time Home Buyers' Program

First time buyers' of qualifying principal residences receive an exemption from property transfer tax. Effective for transfers registered on or after February 16, 2005, the First Time Home Buyers' fair market value threshold is increased to \$325,000 from \$275,000 for properties within the boundaries of the Capital Regional District, the Greater Vancouver Regional District, and the Fraser Valley Regional District. For other parts of British Columbia, the threshold increases to \$265,000 from \$225,000.

Mortgage pay down limits are also increased for transfers registered on or after February 16, 2005. The pay down limit restricts the amount by which first time homebuyers are allowed to reduce their mortgage during the first year without losing eligibility for exemption.

For property located within the boundaries of the Capital Regional District, the Greater Vancouver Regional District, and the Fraser Valley Regional District, the pay down limit increases to the greater of:

- \$13,000, or
- the amount that would reduce the mortgage to 70% of fair market value of the property.

In other parts of British Columbia, the pay down limit increases to the greater of:

- \$10,600, or
- the amount that would reduce the mortgage to 70% of fair market value of the property.

**More Info:** Property Taxation Branch at 250 387-0604.

### HOME OWNER GRANT ACT

#### Threshold Value and Phase Out Rate

Effective for the 2005 tax year, the threshold for the phase out of the home owner grant is increased to \$685,000 from \$585,000. The rate at which the grant is phased out is also reduced to \$5 per \$1,000 of assessed value above the threshold from the current \$10 per \$1,000.

A partial grant will apply to properties valued between \$685,000 and \$779,000. For seniors and other home owners receiving the additional grant, a partial grant will be available for properties valued up to \$834,000.

**More Info:** Property Taxation Branch at 250 356-8904 or 1-888-355-2700.

### SCHOOL ACT

#### Exemptions for Alternative Energy Power Projects

The *School Act* is amended to allow exemptions from school tax for alternative energy power producers. Exemptions are provided by regulation for eligible hydroelectric power projects that began power production on or after January 1, 2002.

Eligible power projects are exempt from school tax for penstock and related improvements.

The government has announced its intention to introduce equivalent school tax exemptions for other types of alternative energy producers in the future.

**More Info:** [Notice - New School Tax Exemption for Eligible Hydroelectric Power Producers](#)

### Residential School Property Tax Rates

A separate residential tax rate is set for each school district according to the province's residential school tax rate formula, which has been used since 1991. That formula automatically reduces tax rates as the average property value rises. For 2005, the average residential school property tax payable before home owner grant will increase by 2%, the 2004 provincial rate of inflation.

Residential school property tax rates will be set in April when revised assessment roll data are available.

Non-residential school property tax rates will be adjusted so that the change in total non-residential school property tax revenue will be limited to inflation plus new construction.

### TAXATION (RURAL AREA) ACT

#### Provincial Rural Property Rates

A single provincial rural residential tax rate applies province wide. For the 2005 calendar year, the provincial rural residential tax rate will fall in response to rising average assessed values. Average residential provincial rural area taxes will increase by the provincial inflation rate.

Non-residential provincial rural tax rates will be adjusted so that the change in total non-residential rural area tax revenue will be limited to inflation plus new construction.

### MISCELLANEOUS

#### Exemptions for Public Hospitals

The *Health Authorities Act* is amended to clarify the property tax exemptions that apply to public hospitals managed directly by a regional health board or as a public-private partnership. The changes provide an exemption from property tax for:

- property while facilities are under construction;
- space occupied by a board and used for board purposes;
- space occupied by organizations that would be exempt under another act if they were the owner, e.g. non-profit corporations and organizations; and
- clinic space occupied by physicians who have academic appointments with the medical faculty of a university in British Columbia and are members of the teaching hospital.

### NEED MORE INFO?

This bulletin is provided for convenience and guidance. If interpretation problems occur, please refer to the legislation.

#### Consumer Taxes:

In Vancouver, call 604 660-4524.  
Elsewhere in Canada, call toll-free  
1 877 388-4440

Income and Corporate Taxes:  
250 387-3332

Property Transfer Tax:  
250 387-0604

Other Real Property Taxes:  
250 387-0555

**References:** Bill 7, *Income Tax Amendment Act, 2005*; Bill 8, *Taxation Statutes Amendment Act, 2005*

## NOTES