



It's time to reduce the tax burden on B.C. home buyers

The Property Transfer Tax has not been adjusted to reflect the housing market in 26 years. Do you think a reduction is overdue?

In 1987 the BC government introduced the Property Transfer Tax (PTT), then called the Property Purchase Tax. It was touted as a wealth tax that would discourage speculation at the high end of the real estate market.

The tax was structured to add 1% on the first \$200,000 of a home's market value at the time of sale and 2% on the remainder. The structure of this tax has not changed since 1987, with the exception of adding an exemption for qualified first-time buyers.

"In the 26 years since the PTT was introduced, the average price of a home in Greater Vancouver has increased 499 per cent, yet no government in BC has adjusted this tax to account for these changes and home buyers continue to bear the brunt of this inaction," Eugen Klein president of the Real Estate Board of Greater Vancouver (REBGV) said. "Over the course of the upcoming election campaign, our Realtors will enlist the help of the public to send a message to the next government that this tax is unfair, out of date and needs to be adjusted."

In 1987, 95% of homes in Greater Vancouver sold for less than \$200,000, meaning that just 5% of all sales had the 2% portion of the PTT applied. Today, approximately 96% of homes in Greater Vancouver are sold for more than \$200,000. If the 2% portion of the PTT was applied only to the top 5% of all home sales today, as originally intended, the \$200,000 threshold would have to be raised to more than \$1.4 million in Greater Vancouver.

The PTT must be paid by property buyers each time they move, whether they're trading up or downsizing, or buying a similar home in a different location due to a job transfer. The tax is also paid each time a property changes hands in the development process for a new home – from the raw land owner, to developer, to builder, to ultimate home owner.

Home buyers have long viewed the PTT as unfair because it creates barriers to home ownership by diminishing buyers' purchasing power.

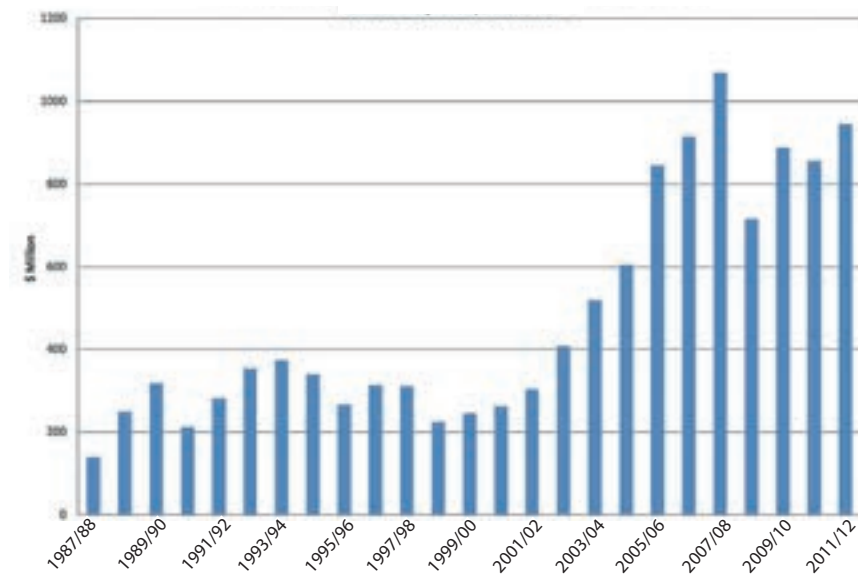
"It's long overdue for government to adjust the PTT thresholds to a level that reflects the reality of today's housing market. Clients have told our Realtors this for many years," Klein said.

Get involved

For years, the Real Estate Board of Greater Vancouver (REBGV), the professional association of the more than 11,000 Realtors in the region, has persis-

Property Transfer Tax Revenue

What has the PTT cost home buyers each year 1987-2012?
Total of all years: \$11.9 billion



Source: BC Ministry of Finance

The \$200,000 threshold is long out of date

	Per cent of homes sold for less than \$200,000 (where only the 1% portion of the PTT applies)	Per Cent of homes sold for more than \$200,00 (where both the 1% and 2% portions of the PTT applies)	Average sale price of a home (includes apartment, townhouse and detached homes)	PTT payment
1987	95%	4%	\$138,205	\$764
2012	5%	96%	\$689,366	\$11,787

Average Greater Vancouver home prices as of December 31, 1987 and December 31, 2012. Source: REBGV.

tently campaigned on behalf of home buyers and sellers against the tax, arguing that the tax hurts low equity buyers, those least able to afford it.

We need your help to get this message to the political parties vying to form the next government. By going to the REBGV's Facebook page at www.facebook.com/rebgv and 'liking' the **Help Reduce the PTT** button, you will help send a message to Victoria that it's time to update this out of date, unfair tax on shelter.

The REBGV has asked government to increase the 1% PTT threshold to \$525,000 from \$200,000, to help buyers, particularly those at the lower end of the market. We've also recommended that the tax be indexed to Statistics Canada New Housing Price Index.

The current government has indicated they are considering our recommenda-

tions. MLAs, from all political parties, have told us the only way change is possible would be to have PTT revenue replaced by an alternate revenue source.

We believe there is room for compromise. There is a way to reduce the tax burden on home buyers while not damaging the province's long term revenue situation.

Why are home sales important for our communities?

Home sales help drive our economy and create much-needed jobs in our neighbourhoods. Each time a home changes hands, the transaction generates \$42,000 in economic spin-offs and 2.8 jobs.

Home sales mean that our neighbours have work and can make a living to support their families. Home buyers hire appraisers, inspectors, movers and land-



How much does the PTT add to the cost of a home?

Home	Price	PTT
Apartment	\$415,991	\$6,320
Townhouse	\$557,966	\$9,159
Detached	\$1,078,495	\$19,569

Average home prices as of December 31, 2012. Source: REBGV



scapers – and this skilled workforce, in turn, buy homes and furniture and fixtures, flooring and appliances.

In 2012, in the Greater Vancouver area, 25,032 homes changed hands generating \$1.07 billion in economic activity and 7,125 jobs.

Every 100 residential sales also gen-

erate \$660,000 in provincial taxes, \$300,000 in federal taxes and \$32,000 in municipal taxes.

Article contributed by the Real Estate Board of Greater Vancouver.