

# FIRST TIME HOME BUYERS

## FIRST TIME HOME BUYERS 'TAX CREDIT (HBTC)

The costs associated with purchasing a home, such as legal fees, disbursements and land transfer taxes, can be a particular burden for first-time homebuyers who must pay these costs, as well as save money for a down payment. To assist first-time homebuyers with the costs associated with the purchase of a home, the Government of Canada introduced a FTMB Tax Credit in 2009

### What is the first-time home buyers' tax credit (HBTC)?

The HBTC is a **non-refundable** tax credit for certain homebuyers who acquire a qualifying home after January 27, 2009, that is - closing after this date.

### How is the HBTC calculated?

The HBTC is calculated by multiplying the lowest personal income tax rate for the year (15% in 2009) by \$5,000. For 2009, the credit will be \$750. However, if the total of your non-refundable tax credits is more than your federal income tax, you will not receive a refund for the HBTC.

### Who is eligible for the HBTC?

- 1) You or your spouse or common-law partner acquire a qualifying home
- 2) You did not live in another home owned by you or your spouse or common-law partner in the year of acquisition or in any of the four preceding years.

## PROPERTY TRANSFER TAX

You pay Property Transfer Tax when you purchase or acquire an interest in a property. The tax must be paid when you register changes to a certificate of title with the Land Title Office. For example, a change may include adding or deleting a name from the title. Property Transfer Tax is 1% of the first \$200,000 & 2% of the balance.

### PROPERTY TRANSFER TAX EXEMPTION

#### You can qualify for the exemption if:

- 1) You are a Canadian Citizen, or are a permanent resident as determined by Immigration Canada
- 2) You have lived in British Columbia for 12 consecutive months immediately before the date you register the property, or you have filed 2
- 3) income tax returns as a British Columbia resident during the 6 years before the date you register the property
- 4) You have never owned an interest in a principal residence anywhere in the world at anytime
- 5) You have never received a first time home buyer's exemption or refund.
- 6) The fair market value of the property is not more than the current threshold of \$425,000
- 7) The land is 0.5 hectares (1.24 acres) or smaller
- 8) The property will only be used as your principal residence

\*\*\*\*\*If the property does not meet all of these requirements, you may still qualify for a partial exemption\*\*\*\*\*

### HOW DO I APPLY FOR THE EXEMPTION?

You apply for the exemption when you register the property at the Land Title office. Generally, a lawyer or notary public registers the property and applies for the exemption on your behalf.

## GST REBATE

### ELIGIBILITY INFORMATION

#### You can qualify for the rebate if you are:

- 1) building a home or contracting someone to build one
- 2) buying a newly constructed or substantially renovated home from a builder
- 3) buying a newly constructed house from a builder, where you lease the land from the builder under the same agreement to buy the house
- 4) substantially renovating a home or building a major addition to one
- 5) rebuilding a home destroyed by fire
- 6) buying a share of the capital stock in a newly constructed cooperative housing project

The rebate reduces the GST and the federal part of the HST paid from 5% to approximately 3.5% for homes valued at \$350,000 or less. The rebate is gradually reduced for homes valued from \$350,000 to the maximum value of \$450,000