

15% Additional Tax on Residential Purchases by Foreign Nationals in Vancouver

Effective August 2, 2016, the Province of British Columbia imposed [an additional 15% transfer tax](#) on residential real estate purchases in the Greater Vancouver Regional District by foreign nationals. This tax was imposed in [an effort to curb escalating home prices in the Vancouver area](#) that is making home ownership unaffordable for many residents. (A report released by Canada Housing and Mortgage Corp last April indicated that there is an upward trend in foreign ownership of condominium units in buildings constructed since 2010.) A record number of transfers were submitted for registration in the days prior to the implementation of the tax.

As [the tax is payable upon registration of a transfer](#), critics have pointed out that there is a loophole in the tax as it does not apply to flips of pre-construction condominiums prior to registration of the condominium. Purchasers who enter into pre-construction agreements with the developer to purchase condominium units will be able to transfer their interest to another purchaser without paying the tax as long as the transfer occurs before the condominium is registered. However, most condominium developers have clauses in their agreements that prohibit pre-registration transfers.

[Other critics claim](#) that this tax will send foreign buyers to other jurisdictions in Canada, especially the Greater Toronto Area. Residential home prices in the GTA are also skyrocketing and foreign ownership of condominium units in buildings constructed since 2010 has also been increasing.

The Ontario Government will be watching the real estate market in Ontario and the effects of this tax in British Columbia to determine if a similar tax should be imposed in Ontario.