

RPTTG: 102

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REFUNDS TO PURCHASERS WHO MAINTAIN REAL PROPERTY AS THEIR PRINCIPAL RESIDENCE AT LEAST 183 CONSECUTIVE DAYS FOLLOWING THE DATE OF PURCHASE

This Real Property Transfer Tax Guide provides information to Real Estate Agents, Legal Professionals and Home Buyers regarding refunds of tax paid by purchasers who do not meet the residency requirements of the “First Time Home Buyer’s Exemption” at the time of registration of a deed but who occupy the property for at least 183 consecutive days following the date of registration of a deed.

First Time Home Buyer Exemption

The Real Property Transfer Tax Act requires that every person registering a deed in Prince Edward Island pay a tax equal to 1% of the greater of the purchase price or the assessed value of the real property. Certain types of real property transfers, including qualified purchases by “First Time Home Buyers”, are exempt from the tax under the Act.

At the time of registration of a deed the purchaser must meet certain criteria, including a residency requirement, in order to be a first time home buyer. The purchaser must have continuously maintained a principal residence in the province throughout a period of not less than six months immediately before the registration date, or must have been subject to tax under clause 3(a) of the Income Tax Act RSPEI 1988, Cap I-1 and have filed a return under the act in at least two of the six taxation years immediately preceding the registration date.

Changes Regarding Refunds of Tax to Purchasers

Effective May 22, 2008, changes were made to the Act that provide for a refund of the tax paid by a purchaser who was ineligible for a First-time Home Buyer exemption at the time of registration of a deed because the purchaser did not meet the residency requirements. A purchaser is eligible for a refund of the tax if the purchaser has occupied the real property as his or her principal residence for a period of at least 183 days immediately following the date the deed is registered. A purchaser is only eligible for a refund if, at the time of the registration of a deed, the purchaser satisfied all of the other requirements for the first time home buyer’s exemption, including:

- The purchaser must be a Canadian citizen or a permanent resident as defined in the Immigration and Refugee Protection Act (Canada);
- The purchaser has not previously held a registered interest in real property that constituted a principal residence;
- The purchaser has not previously obtained a first time home buyer’s exemption; and
- The greater of the purchase price or the assessed value of the property did not exceed \$200,000.

How to apply

Applicants must complete a Request for Refund of Real Property Transfer Tax and submit a notarized Declaration—First-time Home Buyers. Both forms can be obtained online at www.taxandland.pe.ca or by contacting Taxation and Property Records Division, Department of Provincial Treasury.

FURTHER INFORMATION

For copies of the Real Property Transfer Tax Act and Regulations or any inquiries regarding this Real Property Transfer Tax Guide, please contact:

Taxation and Property Records Division
Department of Provincial Treasury
P.O. Box 1330
Charlottetown, PEI C1A 7N1
Telephone: (902) 368-4171
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Website: www.taxandland.pe.ca
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