

The Real Property Transfer Tax Act

The *Real Property Transfer Tax Act* came into effect on May 16, 2005.

The *Real Property Transfer Tax Act* states that anyone who registers a deed in the province of Prince Edward Island must pay, at the time of registration, a tax computed at the rate of one percent of the greater of the purchase price and the assessed value of the real property.

Real Property includes:

- ▶ land, including land covered by water;
- ▶ land and any building or structure situated thereon, including machinery, installations and equipment affixed to a building and contributing to the utility of the building;
- ▶ a bulk storage tank, and any supply pipe lines connected to it; or
- ▶ any wire, cable, pipe, tower, installation, equipment, or thing, or structures other than buildings, forming part of a television broadcasting, transmission or re-broadcasting or retransmission system including a cable television system, telephone, electric light, telegraph or telecommunications system or any electric power distribution system.

Exemptions

Low-cost Real Property:

No tax is payable on the transfer of real property if the purchaser's affidavit indicates that neither the purchase price nor the assessed value of the real property exceeds \$30,000.

First-time Home Buyer:

No tax is payable on the registration of a deed of conveyance if the person is a First-time Home Buyer. A First-time Home Buyer must meet all of the following criteria:

- ▶ the individual(s) must occupy or use the real property as his or her principal residence, and
- ▶ the greater of the purchase price and the assessed value of the real property cannot exceed the amount prescribed in the regulations, currently \$200,000,
- ▶ if there is more than one purchaser, all purchasers of the real property must qualify as first time home buyers, and
- ▶ must meet the qualifications for and fill out the Declaration for First-time Home Buyers at the time of registration of the deed. This form is available online at:

www.TaxandLand.pe.ca/forms

or from:

Taxation and Property Records
1st Floor Shaw Building
95 Rochford Street
Charlottetown, PE C1A 3T6

Please note:

If a First Time Home Buyer does not pay the Real Property Transfer Tax at the time of registration of a deed of conveyance and does not occupy or use the real property as his or her principal residence for a period of at least 183 consecutive days following the date of registration, that person will forfeit their exemption and will be liable to pay the tax that otherwise would have been payable at the time of registration.

Inter-family Transfer:

No tax is payable on the registration of a deed of conveyance if the recipient(s) are all members of the family of the person making the transfer, and the purchase price is not in excess of \$1.

Member of the Family' means the father, mother, spouse, common-law spouse, grandfather, grandmother, son, daughter, brother, sister, grandson, granddaughter, son-in-law, daughter-in-law, father-in-law, mother-in-law, sister-in-law, brother-in-law, step-father, step-mother, step-son, step-daughter, step-brother or step-sister of the person.

Additional Exemptions:

There are a number of additional situations which are tax exempt, such as:

- ▶ certain estate transfers,
- ▶ certain corporate transfers,
- ▶ certain trust/trustee transfers,
- ▶ certain mortgage transfers,
- ▶ transfers of property to the Crown, municipality or to a non-profit organization, or
- ▶ certain non-arms-length transactions.

For a copy of the legislation or more information contact:

Department of Finance, Energy
and Municipal Affairs
Taxation and Property Records Division
PO Box 880
Charlottetown, PE C1A 7M2

Telephone Inquiries:

General: 368-4070
Registry Office (Charlottetown): 368-4591
Fax: 368-4399
Registry Office (Summerside): 888-8080
Fax: 432-2700

Visit:

Taxation and Property Records
95 Rochford Street
Shaw Building, First Floor South
Charlottetown, PE C1A 3T6

Registry of Deeds
11 Kent Street
Jones Building, First Floor
Charlottetown, PE C1A 7N8

Email: taxandland@gov.pe.ca
Website: www.taxandland.pe.ca

This brochure has been prepared for convenience of reference only. If there is any conflict between the information contained in this brochure and the statutes, the statutes shall prevail.

12PT06-33475

FAQs

1. *If there's more than one purchaser of the property and one or more of the purchasers do not qualify as a First-time Home Buyer, is the property subject to the Real Property Transfer Tax?*

No, all purchasers of the property must qualify as first-time home buyers in order to receive the tax exemption. Otherwise the tax will be payable on the entire amount of the greater of the purchase price and the assessed value.

2. *If all purchasers qualify as First-time Home Buyers, is the property subject to the Real Property Transfer Tax?*

No, provided the purchase price or the assessed value do not exceed the amount prescribed in the regulations, currently \$200,000.

3. *If I buy a property for less than \$30,000, am I exempt from paying the Real Property Transfer Tax?*

You are only exempt from paying the tax if the assessed value does not exceed \$30,000.

Information on the Real Property Transfer Tax



www.TaxandLand.pe.ca



Finance, Energy and
Municipal Affairs
Taxation and
Property Records