

The Real Property Transfer Tax Act

The *Real Property Transfer Tax Act* came into force 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 sale price or 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 utilization 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 the greater of either the sale price or the assessed value of the real property does not exceed \$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 or the assessed value of the real property cannot exceed the amount prescribed in the regulations,
- ▶ if there is more than one purchaser, all the 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. 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 person 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 sale 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 such as Deeds of Correction.

For more information on these exemptions, please see the *Real Property Transfer Tax Act, 2005*.

The act is available in hard copy from:

Island Information Service
1st Floor Jones Building
11 Kent Street
PO Box 2000
Charlottetown, PE C1A 7N8

or

on the Legislative Assembly of
Prince Edward Island website at:

www.assembly.pe.ca/bills
(Spring 2005 Sitting)

Please note:

This brochure is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this guide and the statutes, the statutes shall prevail.

For further information, contact:

Registrar of Deeds
PO Box 2000
Charlottetown, PE C1A 7N8

Tel: (902) 368-4591
Fax: (902) 368-4399
E-mail: garoberts@gov.pe.ca

10PT06-29044

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?*

All the purchasers of the property must qualify as first-time home buyers in order to receive the tax exemption. Otherwise a one percent tax will be payable on the entire amount of the greater of the sale price or the assessed value.

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

Any property in which the greater of the sale price or the assessed value is in excess of the amount prescribed in the regulations is subject to the Real Property Transfer Tax, even if all the purchasers meet the First-time Home Buyer criteria.

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 one percent Real Property Transfer Tax if the greater of the sale price or the assessed value does not exceed \$30,000.

Information on the **Real Property Transfer Tax**



www.TaxandLand.pe.ca



Finance and
Municipal Affairs
Taxation and
Property Records