



Who pays land transfer tax?

When you acquire land or a beneficial interest in land, you pay land transfer tax to the province when the transaction closes. Not all provinces have this transfer tax and at present Alberta is exempt.

Land transfer tax is normally based on the amount paid for the land, in addition to the amount remaining on any mortgage or debt assumed as part of the arrangement to buy the land.

In some cases, land transfer tax is based on the fair market value of the land, such as in the following examples:

- the transfer of a lease with a remaining term that can exceed 50 years
- the transfer of land from a corporation to one of its shareholders, or
- the transfer of land to a corporation, if shares of the corporation are issued

Providing additional information

The Minister of Finance has been granted the authority to make a regulation regarding the collection of additional information about the transferee and the transfer of land from everyone who is required to make land transfer tax statements, file a land transfer tax affidavit, or file a Return on the Acquisition of a Beneficial Interest in Land.

The minister may use the information for the administration and enforcement of the Land Transfer Tax Act. In addition, the minister may use the information, without personal identifiers, for the purposes of compiling statistical information and for developing and evaluating economic, tax and fiscal policy.

The requirement to provide additional information will not be in effect until the minister files such a regulation, and the requirements in the regulation take effect.

First-time homebuyers

If you are a first-time homebuyer, you may be eligible for a refund of all or part of the taxes that are paid. It varies from province to province except for Alberta which does not have a land transfer tax at the time I am writing this article.

Other land taxes

Local municipalities charge a tax on the residential or business property you own. If you have questions about municipal property tax, contact your local municipality. If your property is located in an unorganized territory (an area without municipal organization) of Ontario, property tax is collected through the provincial land tax program administered by the Provincial Land Tax Office in Thunder Bay.

If you buy property in the City of Toronto, you may also pay the City of Toronto's own municipal land transfer tax. British Columbia has a land transfer tax that is province wide and rebates are available for first time buyers who are already BC residents.