

A certificate of completion from the payment certifier (see *Builders Lien Act*, ss. 7 and 8), or in the absence of a certificate of completion, a municipal occupancy permit or architect's certificate of substantial completion, should be obtained in order to determine the commencement of the holdback period. Although these certificates assist in confirming substantial completion, they are not conclusive.

If a strata lot is purchased from the developer, a special provision under the *Strata Property Act* (s. 88) protects the purchaser from lien claims made against the developer. A purchaser of a strata lot from a developer must retain a holdback of 7% of the gross purchase price ending on the earlier of the date:

- on which the time for filing liens has expired; and
- that is 55 days after the lot is conveyed (see s. 88 and *Strata Property Regulation*, s. 5.2).

Under the *Strata Property Act*, no holdback is required if the time for filing liens has expired. The conveyancer should note the date on which the time for filing liens expires, because holdbacks should be released on that date if the date for filing liens expires earlier than 55 days from the completion date.

If a builders' lien is to be discharged, the lawyer acting for the lien claimant must be contacted to obtain the payout balance and to arrange for the exchange of discharges and undertakings between counsel.

The *Builders Lien Act*, s. 33, requires that an action be commenced and a certificate of pending litigation filed within one year, failing which the lien is extinguished. If the builders' lien has expired, a simple Form 17 application to remove the lien by effluxion of time may be possible, in which case no inquiries are necessary.

Finally, note that as a result of recent case law, the *Builders Lien Act* contemplates two different types of liens: one against land under s. 2(1), and the other against holdbacks under ss. 4(1) and 8(4). Failure to follow the procedural requirements in ss. 22 and 33(5) of the Act—that is, filing a claim of lien, commencing an action to enforce it, and registering a certificate of pending litigation—leads to the extinguishment of liens against the land only. For comprehensive information, see the *British Columbia Builders Liens Practice Manual* (CLEBC, 1999–).

See the Forms and Precedents section for:

- Sample Statutory Declaration—Builders' Liens

## **VIII. TAX ISSUES AND CONVEYANCES [§5.23]**

### **A. PROPERTY TRANSFER TAX [§5.24]**

Property transfer tax ("PTT") is payable in most conveyancing transactions, and instructions on completing PTT returns are set out beginning at "Property Transfer Tax Return" in chapter 6. Consider whether the client is eligible for the first-time home buyer exemption or the newly built home exemption from PTT. See [www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/first-time-home-buyers](http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/first-time-home-buyers) and [www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/newly-built-home-exemption](http://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions/newly-built-home-exemption).

### **B. GOODS AND SERVICES TAX [§5.25]**

The Goods and Service Tax (GST) of 5% is payable on the purchase of new and substantially renovated residential housing (including homes on leased land, manufactured homes, and

floating homes). There are certain exemptions from the GST, the most common being for used residential housing. If an exemption is being claimed, a certificate of exemption should be requested from the vendor. See chapter 4 (Tax Considerations in Real Estate Transactions) of the *British Columbia Real Estate Practice Manual*, 3rd ed. (CLEBC, 2006–).

If the purchaser intends to use the property as a primary place of residence, the purchaser may be eligible for a new housing rebate. The maximum new housing rebate of \$6,300 is available if the purchase price of the property is \$350,000 or less. The maximum rebate of \$6,300 is reduced incrementally per \$1,000 for properties costing between \$350,000 and \$450,000. No rebate is available for housing costing \$450,000 or more. A similar rebate is available for purchasers of new housing intending to use the property for residential rentals.

On May 27, 2025, the federal government tabled legislative proposals (in the *Making Life More Affordable for Canadians Act*, Bill C-4, 45th Parliament, 1st session) to amend the *Excise Tax Act* to introduce a new GST rebate for first-time home buyers (the “FTHB GST Rebate”). The proposals provide that the FTHB GST Rebate will eliminate GST on the purchase of newly constructed residential properties valued at up to \$1 million by eligible first-time home buyers. The amount of the FTHB GST Rebate will be gradually phased out for homes valued between \$1 million and \$1.5 million. The FTHB GST Rebate will be available only if the contract of purchase and sale is entered into with the builder after May 26, 2025.

The eligibility requirements to be a first-time home buyer under the proposed amendments differ from those to be a first-time home buyer under the *Property Transfer Tax Act*. Under the proposed amendments, a first-time home buyer must

- be at least 18 years of age;
- be either a Canadian citizen or a permanent resident of Canada; and
- not have lived in a home, whether in or outside Canada, that they owned or that their spouse or common-law partner owned in the calendar year or in the four preceding calendar years.

See further discussion of GST and GST rebates beginning at “GST Certificates and Rebate Forms in a Conveyance” in chapter 6.

### C. SPECULATION AND VACANCY TAX [§5.26]

The *Speculation and Vacancy Tax Act*, S.B.C. 2018, c. 46 (“SVTA”), came into effect November 27, 2018. The SVTA applies to residential properties in certain geographical areas. Effective 2019, the SVTA imposes a tax of 0.5% of the assessed value of the property for Canadian citizens or permanent residents and 2% of the assessed value of the property for foreign owners and satellite families. A number of exemptions are available, including for principal residences and long-term rental properties. An annual declaration must be filed by each registered owner in order to claim the exemption. The declaration must be filed by March 31 of each year and is based on ownership as of December 31 of the previous year.

Effective January 1, 2026, the tax will increase from 0.5% to 1% for Canadian citizens and permanent-resident owners, and from 2% to 3% for foreign owners and untaxed worldwide earners.

Liability for the tax under the SVTA follows the taxpayer and does not attach to the property. There is no statutory obligation that the purchaser verify residency or use of the property, nor is there an obligation to hold back funds. Accordingly, the position of some law firms when acting for vendors is to not return any statutory declarations relating to the SVTA. While the previous version of the standard Contract of Purchase and Sale from the B.C. Real Estate Association and Canadian Bar Association, B.C. Branch contained an obligation

that the vendor provide a declaration regarding the SVTA in s. 11A, this obligation has been struck from the most recent version (BC2057 REV. NOV 2021). See “Appendix—Contract of Purchase and Sale” in chapter 3.

#### **D. PROVINCIAL SALES TAX ON CHATTELS [§5.27]**

Under the *Provincial Sales Tax Act*, S.B.C. 2012, c. 35, the purchaser may be liable to pay provincial sales tax (“PST”) if chattels are being purchased.

#### **IX. ARRANGING FOR POSSESSION OF THE PROPERTY [§5.28]**

Inform the purchaser that delivery of possession should be resolved between the parties before closing, by direct communication or through the real estate licensees. If there is to be a delay of more than a few days between closing and possession, or if the home is newly constructed or renovated, an inspection of the premises by both parties before turnover is desirable to identify any items that may be missing or damaged, or any defects or deficiencies in construction. In the absence of an agreement to the contrary, the purchaser has no right to insist on inspecting the property before the possession date specified in the contract.

#### **X. APPENDIX—IBC STANDARD MORTGAGE CLAUSE [§5.29]**

##### **Mortgage Clause**

(approved by The Insurance Bureau of Canada)

Attached to and forming part of Policy No. *[number]*

IT IS HEREBY PROVIDED AND AGREED THAT:

BREACH OF  
CONDITIONS BY  
MORTGAGOR OWNER  
OR OCCUPANT

- (1) This insurance and every documented renewal thereof—as to the interest of the mortgagee only therein—is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non-occupancy, or the occupation of the property for purposes more hazardous than specified in the description of the risk; provided always that the Mortgagee shall notify forthwith the Insurer (if known) of any vacancy or non-occupancy extending beyond thirty (30) consecutive days, or of any transfer of interest or increased hazard that shall come to his knowledge; and that every increase of hazard (not permitted by the policy) shall be paid for by the Mortgagee—on reasonable demand—from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.

RIGHT OF  
SUBROGATION

- (2) Whenever the Insurer pays the Mortgagee any loss award under this policy and claims that—as to the Mortgagor or Owner—no liability therefor existed,