

# B.C. to target foreign real estate buyers with new tax

By Mike Hager

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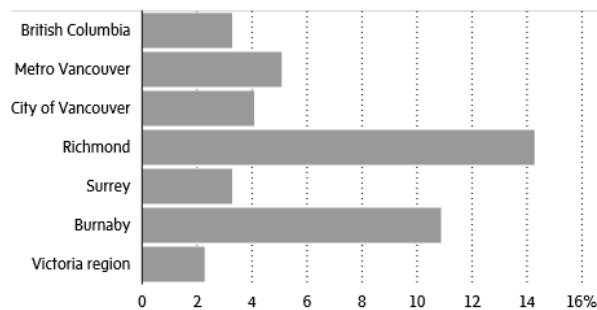
The B.C. government plans to tax foreigners who buy residential property in the Vancouver area – an announcement that follows months of pressure to address foreign speculation that many have blamed for the region’s superheated housing market.

Finance Minister Mike de Jong said the 15 per cent tax, which takes effect Aug. 2, will apply to the sale of all residential properties within Metro Vancouver, excluding treaty lands in the Tsawwassen First Nation. The tax will apply to buyers who are not Canadian citizens or permanent residents, as well as corporations that are either not registered in Canada or controlled by foreigners.

Mr. De Jong says the additional tax on a \$2-million home would amount to \$300,000. He said the law gives the province the ability to adjust the tax rate to between 10 and 20 per cent.

## Percentage of sales to foreign buyers

Transactions registered June 10-29 to buyers who were not Canadian citizens or permanent residents



THE GLOBE AND MAIL » SOURCE: B.C. FINANCE MINISTRY

The announcement is the latest in a series of measures aimed at addressing skyrocketing housing prices in the Vancouver region – an issue that is expected to become central to next spring’s provincial election. The debate has been overshadowed by concerns about foreign buyers and empty homes, as prices increased by more than 30 per cent in the past year alone.

For the first time since taking office, Premier Christy Clark said limiting the demand – not just increasing the supply of housing – could help make Metro Vancouver’s frothy housing market more affordable.

“I want to keep home ownership within the grasp of the middle class in British Columbia,” Ms. Clark said at a Monday morning news conference in Victoria.

Ms. Clark said growing the supply is the ultimate solution, but her government has always “kept an open mind” about strategies on cooling demand put forward by the Opposition New Democrats and academics.

Her government is taking action now, she said, because of the results of statistics on foreign purchases collected last month, which showed about five per cent of purchasers in and around Vancouver were foreign buyers.

Earlier this month, the province released the first batch of statistics on foreign purchases, which showed about five per cent of homes sold in the Vancouver region over several weeks in June went to foreign buyers.

Updated figures released Monday indicated foreign nationals spent more than \$1-billion on property in B.C. between June 10 and July 14, with 86 per cent being made on purchases in the Vancouver region.

Last May, Mr. de Jong said he wasn’t in favour of a tax on foreign investment, saying he worried it would send the wrong message to Asia-Pacific investors.

The B.C. Liberal government will also introduce legislation this week that will allow the City of Vancouver to impose a tax on vacant homes; and follow through on an earlier promise to end self-regulation of the real estate industry.