

2007 Update - The Municipal Property Tax Deferment Program

The British Columbia Property Tax Deferment Program allows qualifying homeowners to enter into an Agreement to defer the payment of their annual municipal property taxes. Homeowners are permitted to deduct the Home Owner Grant and then defer all or part of the unpaid balance of the property taxes for the current year. The program applies to property taxes on a going forward basis only; all previously unpaid penalties, interest, arrears of past years' property taxes, user fees and utility charges cannot be deferred and must be paid to the taxing authority.

The program charges a one-time application fee of \$60 with an annual renewal fee of \$10 in each year after the initial application.

Applicant Qualification:

In order to qualify, an applicant must be 55 years or older (although if a couple is applying together, only one spouse needs to be 55); or a surviving spouse; or a disabled person as defined by Regulation. In addition, the applicant must be a Canadian citizen or permanent resident who has lived in BC at least one year immediately prior to applying for the deferment.

Home Qualification:

The program allows property taxes to be deferred on a principal residence only. Second residences such as summer cottages or rental properties do not qualify. The homeowner must have a minimum equity of 25 percent of the current assessed value as determined by BC Assessment. Those who own homes under a long-term lease or who have a life estate in the house may also qualify for the benefit. Manufactured homes must be covered by a current fire insurance policy. If part of the home is rented out or is used for business purposes, taxes can only be deferred on the part in which the homeowner is living.

The Interest Rate:

Interest is charged on the deferred portion of the taxes. The interest rate for the period October 1, 2006 to March 31, 2007 is 4%., with the rate being set every six months. Interest is charged from the later of the date the property tax is due, or the date of application to the Program. The deferred taxes and interest may be repaid in whole or in part at any time and without penalty.

The Deferral Period:

Property taxes can be deferred for as long as the applicant owns and continues to live in the home and continues to qualify for the Program. However, the deferred taxes and interest must be fully repaid before the home can be transferred to a new owner, other than to a surviving spouse; or upon the death of the Agreement holder(s).

Deferred Taxes are a Charge on Title:

Once an application is approved, a certified copy of the Agreement is registered as a lien in the Land Title Office, or in the case of the manufactured home, in the Personal Property Registry. The Program then pays the property taxes on the homeowners' behalf and the lien remains in effect until the account is paid in full. If, for *any reason*, a deferment application is withdrawn, cancelled, or denied, after the tax due date, or before the Program pays the taxes on the homeowners behalf, the taxes are overdue and late payment penalties will apply. Changes to the titled ownership (e.g., adding or deleting owners, subdivisions, refinancing) must be completed before applying for the deferment benefit. Title changes made thereafter (other than a transfer to a surviving spouse) may require repayment of the deferment account. Because the deferral is registered as a charge on title, a mortgage holder may require full payment of the deferred taxes before refinancing.

For further information, visit the B.C. government web site at http://www.sbr.gov.bc.ca/RPT/property_tax_deferment.htm