

Speculation Tax - a Misnomer, Selective Cash Grab

By Bob Bracken

By now, BC property owners should have received a mailed notice from the BC NDP Government requiring them to complete a Declaration (by March 31, 2019) to be exempt from a new, selective tax that targets their homes & property, which will, in thousands of cases, cause them to pay a tax of 0.5% of its assessed value. The declaration must be made each year going forward, & be completed by each & every registered property owner. **Under the misnomer "Speculation Tax", this "negative option billing" automatically charges the property owner unless they voluntarily report to the Government to gain the exemption.** The NDP speculation & vacancy tax is intended to punish people who own homes left vacant for extended periods of time, including vacation properties, & 2nd homes that owners choose not to rent but to use for themselves, family members, guests, etc.

The tax targets mostly urban areas & regions where people might have 2nd homes & includes: Vancouver Island Capitol Regional District; Metro Vancouver Regional District (excluding Bowen Island & Lions Bay); City of Abbotsford, District of Mission, Cities of Kelowna & West Kelowna; City of Nanaimo, District of Lantzville. **The NDP describe this tax as "...a key measure in tackling the housing crisis in major urban centres ... where home prices & rents have skyrocketed out of reach for many British Columbians."** Interesting that they have exempted areas like Squamish, Whistler &

Pemberton which have very significant housing affordability issues for Buyers & renters alike. The Gulf Islands were originally included, but the backlash from those owners caused Minister Carol James to exempt them. While the tax is currently 0.5% of assessed value for BC residents, it will be 1% for other Canadian residents, & 2% for non-resident, foreign owners.

The NDP are selling the tax by saying it "only" affects 1% of BC residents. 1.6 million BC property owners are required to Declare, so 16,000 BC residents (approx. population of Esquimalt or Cranbrook, & greater than Port Moody) will be whacked by the tax. Those caught by the tax include i) Prior owners/residents of affected areas, now moved elsewhere but keep condo/house for business/work. ii) Retired Seniors, now keeping 2nd home, pied-a-terre. iii) Vacation homes owned by families, & Canadian residents of Prairies, Ontario. Owners of Belcarra beach cottages - Taxed thousands of \$\$; Owners of Gulf Island getaways - Exempt.

"Speculation Tax" is a misnomer as it doesn't address any "quick profit" manoeuvre by the owners, as the vast majority of these properties are for personal use. Call this what it is - an NDP Tax, an expropriation of personal wealth disguised within a flawed, tyrannical policy to force private property owners to create market rentals out of private

homes. "Speculation" & "Speculators" are trigger words used to exploit the politics of envy & poverty consciousness which resonates within the NDP constituency & the media. The claim that "only" 1% of BC residents (plus "Foreigners" of course) are affected is used to marginalize & downplay the effect that this will have on thousands of BC citizens.

The real rub is that this Tax will be ineffective in meeting its stated purpose to "Turn empty homes into good housing for people" and "Raise revenue that will directly support affordable housing". Only a few owners will be forced into selling their property, & the inducement for increasing rentals through this policy will deliver very marginal benefit to BC's rental pool. As for "Raising revenue" evidence now shows that these discriminatory tax policies has caused an economic chill, reducing investment & new housing starts, resulting in declines in overall tax revenue & a Net Loss to BC taxpayers far greater than any gained by their measures. More on this in a future article.

Back to the Declaration - you must complete it by March 31, but it is actually pretty easy. Call the # listed on the Notice 1-833-554-2323, give the clerk the Declaration Code & Letter ID printed on the Notice, your Property address, Social Insurance #, date of Birth, Email address, Telephone #. You will then receive a confirmation # to verify you have completed the Declaration. You can do this on line also at gov.bc.ca/spectax. All Done - til next year, when you must do it again. Now they have your information & that of all 1.6M BC property owners, in one big database, in one location. Easily accessible, just in case they want to use it again.

If you want to contact the Minister of Finance to give feedback on this, Carol James's email is: FIN.Minister@gov.bc.ca

Please consider Bob a resource if you have questions regarding Vancouver Real Estate. Please contact Bob Bracken at

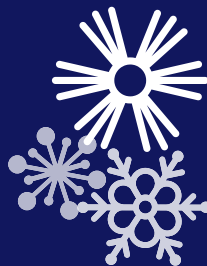
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