



Provincial Budget Changes!

Increase in Threshold for Home Owner Grant Phase-out

As announced January 11, 2008, effective for the 2008 tax year, the threshold for the phase-out of the home owner grant is increased to \$1,050,000 of assessed value from \$950,000 of assessed value. This change ensures that more than 95% of homeowners may be eligible for the full grant.

For properties valued above the threshold of \$1,050,000, the grant is reduced by \$5 for each \$1,000 of assessed value in excess of the threshold. The basic grant is eliminated for properties assessed at \$1,164,000 and above, and eliminated for those recipients of the additional grant, that is available to seniors, certain veterans, and some disabled, whose properties are assessed at \$1,219,000 and above.

New construction to accommodate a disability

Effective for the 2008 tax year, eligible owners with disabilities, or with a spouse or relative with disabilities, may qualify for the additional home owner grant if the design specifications for a newly constructed principal residence are modified to accommodate the disability needs of the person with a disability. The changes to the structural features of the home must have a value that exceeds \$2,000.

Spouse or Relative of a Deceased Owner

Effective for the 2008 tax year, the spouse or relative of a deceased homeowner or occupant can claim a home owner grant or a low-income grant supplement in the year of the eligible owner's or eligible occupant's death, only if the deceased homeowner or occupant qualified for the grant at the time of death.

[Cont'd on page 2](#)



Newsletter
Highlights

*Provincial
Budget
Changes!*

Pages 1,2&3

Something
to
Ponder

*It doesn't matter just
that you want it, it's
more important that
you're willing to pay
for it!*

Kam Brar

Provincial Budget changes continued...

Clarification of Eligibility for Home Owner Grant

Permanent Resident

Effective for the 2008 tax year, a permanent resident is defined as having the same meaning as under the Immigration and Refugee Protection Act (Canada). Therefore, to be eligible for the home owner grant or low-income grant supplement, a person must:

- **ordinarily reside** in British Columbia,
- be either a Canadian citizen or a permanent resident, and
- occupy the eligible residence as his or her principal residence.

The First Time Home Buyers' Program - Thresholds

Effective February 20, 2008, the fair market value threshold for eligible residential property under the First Time Home Buyers' Program has increased. The new threshold is \$425,000, which has increased from \$375,000. A proportional exemption is provided for eligible residences that have a fair market value of up to \$25,000 above the new threshold.

Who Qualifies for the Exemption?

To qualify for the FTHB exemption, the purchaser must be **all** of the following:

- A Canadian citizen or a permanent resident as determined by Immigration Canada,
- A person who resided in British Columbia for 12 consecutive months **immediately prior** to the date of registration of the transfer, or who has filed two income tax returns as a British Columbia resident within the last six years,
- A person who has never, **at any time**, held a registered interest in a principal residence **anywhere in the world** (a principal residence is defined as the usual place where an individual resides), and
- A person who has not previously received a FTHB exemption or refund.

What Property Qualifies for the Exemption?

The FTHB program provides a **full** exemption from property transfer tax only on properties where:

- the improvements on the property become the principal residence (whether or not they are formally classified as residential),
- The land is 0.5 hectares (1.24 acres) or smaller, and
- The value of the land plus improvements falls below the set threshold amount of \$425,000.

[Cont'd on page 3](#)

Provincial Budget changes continued...

First Time Home Buyers' Program - Elimination of Financing Requirements

Effective February 20, 2008, the financing requirements to qualify for the First Time Home Buyers' (FTHB) Program are eliminated. This means that if a property is purchased on, or after, February 20, 2008, the purchaser is no longer required to meet any financing requirements to qualify for the FTHB program.

If a property is purchased before February 20, 2008, the purchaser must meet the financing requirements that were in place when he or she purchased the property. However, effective February 20, 2008, all purchasers (including persons who purchased their property before February 20, 2008) are free to pay down any amount owing on their mortgage and remain eligible for the exemption.

This is just a general overview of the changes relating to the FTHB program. For more detailed information, please [click here](#) to see Bulletin [PPT 004](#)



The tax department's idea of a workout!

Referrals

Your referrals are always welcome, so if you can think of someone who may benefit from my services, please send me an e-mail to kam.brar@vericoselect.com or call me at **250-686-4246**.

Never dealt with me, not sure what kind of service you're going to get? [click here](#) to see what some of my clients have to say!

If you have any questions or comments please contact Kam at kam.brar@vericoselect.com or visit www.kamthemortgageman.com