

UNDERSTANDING PROPERTY TAXES DURING A SALE / PURCHASE OF A HOME

THE CORPORATION OF THE CITY OF VERNON

3400 30 St, Vernon, BC V1T 5E6

Phone (250) 545-1361 Fax (250) 545-7876

website: www.vernon.ca



Attention Home Seller

The Property Tax account stays with the property. The “Statement of Adjustments” you receive from your lawyer or notary should show any allocation between the purchaser and the seller.

If you are on *PAWS (Pre-Authorized Withdrawal System)* it will be necessary for you or your lawyer or notary to include the tax installment credit in the “statement of adjustments”. * **There are no refunds under the PAWS Program** *

In selling your property, you or your lawyer **MUST** terminate PAWS by providing written authorization to the City Finance department before the 10th of the month, in order to stop the withdrawal on the 15th. **The sale of property does not automatically stop the PAWS payments.**

If eligible, your application for the Home Owner Grant must be made prior to you leaving the premises or the completion date, whichever is earlier. A Grant can not be claimed if you no longer live in the home or after the completion/sale date.

Telephone and Internet Banking customers must delete your account from your bank payee list, as your property tax account is assigned to the property, not the person.

Attention Home Buyer

Taxes are billed and mailed in late May and covers the calendar year from January 1st to December 31st. Payment of taxes is due the first working day each year after the Canada Day Holiday in July.

* * The new owner is liable for all outstanding taxes * *



Your lawyer or notary will prepare a “Statement of Adjustments”, which indicates how your taxes have been distributed between the vendor(seller) and the purchaser. The purchaser will see a CREDIT or DEBIT for the number of days in the year which the vendor (seller) owned the property. Further action for the purchaser will depend on if there is Credit or Debit for the tax account and one of the following actions will be required:

- CREDIT – This Credit amount is NOT paid to the City by your Lawyer, but is credited to you through the “Statement of Adjustments”. The new owner is responsible for the whole amount owed for property taxes, **OR**
- DEBIT - If the purchaser has a Debit to you for the number of days in the year which the vendor(seller) owned the property, then the previous owner has paid the tax account in full and no further action is required.

As a new owner, you may not receive a tax notice if you purchased your property in April or later in the year as the City might not have received the new owner information from the Land Title Office yet.

Printing of tax notices occurs in mid-May. If you have not received a tax notice, bring your documents from the lawyer into the Finance department at City Hall. The documents must include a copy of your “Freehold Transfer”. Once the City has verification of ownership, we can provide you with a copy of your property tax notice.

Home Owner Grant – Who Claims, if eligible.

If eligible, the Grant application must be claimed every year and can only be claimed by the home owner. Your lawyer or mortgage institution can NOT claim the Grant on your behalf. A new owner can NOT claim the home owner grant on the property in the year of purchase if any of the following has occurred:

- if you or your spouse already claimed a grant on another property, or
- if the previous owner claimed a grant on this property, or
- if the current years taxes were previously paid in full, or
- if your lawyer during the sale of the property paid the property taxes in full, on your behalf.

The Grant application is a reduction of indebtedness. If taxes are not paid in full, then the grant claimable is the lesser of the balance due or the maximum grant available. A new owner can not claim the grant prior to the following:

- the completion date and the new owner must reside on the property as your principal residence, plus
- all other eligibility regulations according to Home Owner Grant Administration.

If eligible, you can apply for the grant until December 31 however, a 10% penalty charge will apply after the tax due date in July each year.

To find out more about the Grant and your eligibility, check the back of your property tax notice, or contact the tax department at City Hall, or go the Ministry of Provincial Revenue website at www.rev.gov.bc.ca/hog