CANADIAN HOME BUILDERS' ASSOCIATION BRITISH COLUMBIA

ADVOCACY UPDATE

An update on CHBA BC's government relations activities

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News from the Provincial Legislature

B.C. Budget 2018: 30-point housing plan unveiled with more details to come

Neil Moody and Alycia Coulter attended the Victoria budget lockup on February 20 on behalf of CHBA BC. This budget included significant changes related to housing, which was outlined in a 30-point provincial housing strategy. Read the complete document using this link.

New demand changes:

- An increase to the foreign buyers tax, from 15% to 20%, and increasing the boundaries to include the Fraser Valley, Capital Region, Nanaimo Regional District, and the municipalities of Kelowna and West Kelowna;
- A new speculation tax, which will be 2% of the property value as of 2019, with exemptions for individuals who pay income tax in B.C. or rent out their properties; and
- A new property transfer tax increase from 3% to 5% on the fair market value over $3 million, and an annual school tax increase on the value over $3 million.

New supply changes:

- Rule changes so that post-secondary institutions can borrow directly from the Province to finance student housing projects;
- $1 billion over 10 years to conduct seismic, fire-safety and energy-efficiency upgrades to social housing units;
- A new HousingHub – funded after winding down the BC HOME Partnership Program this March – to act as a project coordinator between builders, government, and non-profits;
- Increasing density around transit stations for affordable housing units, in coordination with local governments.

Speculation Tax Rules to Come:

One of the most talked about budget announcements was the speculation tax. These rules have not been developed but will be announced closer to implementation this Fall.

CHBA BC has been working to clarify some details on this new tax. This includes how businesses that pay income tax in B.C. can be similarly exempt from the speculation tax. It is essential to acquire land in advance for development, and this tax alone could add thousands of dollars to a new home if not properly exempt.

There has also been discussion how homeowners of vacation properties in B.C., such as in Kelowna or the Gulf Islands, may be treated under this new tax plan.



Image: B.C. Finance Minister Carole James speaks at the B.C. Budget Lockup. (Photo from Government of BC Flickr page)

New MSP Tax for Businesses

Members should also be aware of a new Employer Health Tax introduced in Budget 2018. As part of the phase-out of MSP premiums, the B.C. government has introduced a new MSP tax for businesses, with a sliding scale based on payroll. A business with annual payroll of $500,000 or less would pay no tax, and a business with $1.5 million in tax and above (highest bracket) would pay 1.95%.

Many groups have raised concerns about this tax and its impacts on small businesses. However, until any changes are announced, members should work with their accountants to plan for this new change, which will roll out as of January 1, 2019 (subject to Legislative approval.)

National Updates

Federal Budget 2018

The federal budget was delivered on February 28 in Ottawa. The budget clarified rules regarding passive income for small businesses – a key issue in 2017. One of the main changes is that if a corporation earns more than $50,000 of passive investment income in a given year, the amount of income eligible for the small business tax rate will gradually reduce. Past investments will also be protected from this rule. Learn more about these new rules for passive income with this Budget 2018 document.

CHBA National and MNP held a post-budget webinar on March 2. View this members-only webinar and slides here.

Join us for a special BC reception in Victoria

This March, the 75th Annual CHBA National Conference will be held in Victoria! To recognize this exciting event, CHBA BC will be holding a special industry reception on March 19 in the evening. To register, use this link and click "Networking Reception Only."