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First-of-its-kind registry in B.C. targets under-the-radar condo flippers

Province says practice helps raise real estate prices while facilitating tax evasion

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Condo developers will be required to securely gather and report the identity and citizenship of anyone completing a contract assignment in a project. (Darryl Dyck/Canadian Press)

The British Columbia government says it has launched Canada's first registry aimed at cracking down on pre-sale property flipping and tax evasion in B.C.'s real estate market.

The Ministry of Finance says the Condo and Strata Assignment Integrity Register will improve fairness and transparency in property transactions.

Finance Minister Carol James said in a news release that the register will take "real action to moderate the condo market" and is already starting to see results in Metro Vancouver.

Condo developers will be required to securely gather and report the identity and citizenship of anyone completing a contract assignment in a project.

No oversight

A contract assignment occurs when a buyer sells, or "flips," their purchase contract of a condo to another buyer, often at a higher price, before construction of the building is complete.

Currently flipping can occur without any oversight and the province says the practice has been a factor in raising real estate prices while facilitating tax evasion when capital gains and other taxes are not applied.

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"For too long, speculators and tax evaders have been taking advantage of loopholes in our real estate market, driving up prices and shutting British Columbians out of the market," James says in the news release.

The finance ministry says it's unknown how many pre-sale property flips occur each year because the transactions aren't reported.

New rules

Developers are now required to collect and record assignment information and file a report each quarter, with the first due April 30, covering the period from Jan. 1 to March 31, 2019.

"The B.C. government will use this information to ensure that people who assign condos are paying the appropriate income tax, capital gains and property transfer tax," the release says.

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The filing fee per assignment is \$195, which the government says is a small fraction of the cost of flipping a condo unit.

The register is one part of the New Democrat government's 30-Point Housing Plan to address housing affordability.