

factsheet



Real Property Assessment and Taxation In British Columbia

BC Assessment

What is BC Assessment?

BC Assessment is a provincial Crown corporation that determines the market value of all real properties in British Columbia. After determining the correct classification, actual value and exemption status of every property, BC Assessment provides taxing authorities with an Assessment Roll, which lists all properties, names of the owners and the taxable values of the land and any improvements (buildings).

History

The assessment and taxation of real estate in British Columbia has existed since before 1860. BC Assessment was established in 1974 to replace municipal and provincial government assessment offices. The independent, publicly funded corporation was created under the *Assessment Authority Act* to produce and maintain uniform property assessments across the province. BC Assessment evaluates most properties in B.C. based on market value, which is considered the fairest way to assess property.

The Ad Valorem Tax System

British Columbia uses an *ad valorem* ("based on value") system of property taxation. Only real property value (land and buildings) is taxed. The value of personal property such as cars, jewelry and furniture is not taxed.

The Property Assessment and Taxation Process

Property assessment and taxation in British Columbia is a two-step process involving BC Assessment and the various tax authorities. BC Assessment determines the classification, value and exemption status of property. Tax authorities then apply their tax rates to assessments. This determines how the tax burden will be shared among all property owners – residential, commercial, industrial, farm, etc.

Property tax provides approximately 40 per cent of local government revenue in Canada. It is the major source of revenue controlled by local government.

Who are the tax authorities?

Tax authorities – the provincial government, municipalities and some First Nations – control most of the tax burden by setting rates to raise required revenues. Tax revenues are used to provide transportation, schools, health services, recreational facilities, police and fire protection, water, sewer systems and garbage disposal.

Other authorities (regional districts) raise money for services by providing their budgeted amount (requisition) to the local tax collectors. These amounts appear on your tax bill.

What is market value and how is it determined?

BC Assessment assesses all properties and sends an assessment notice to all property owners each year, informing them of the market value of their property as of the previous July 1.

This market value is determined by following generally accepted appraisal principles. Each year the assessor takes into account location, size, topography, shape, replacement cost, age, condition, rental income and sales of comparable properties in the area, as well as any other factors that might affect the property's value, to determine what the property would sell for. The market value of property is recorded on the annual Assessment Roll.

Why do assessments increase and decrease?

Changes in assessment reflect changes in market value. Market value can change for the following reasons:

- a property may have improved (e.g., a renovation or addition);
- demand for property in the neighbourhood may have caused prices and market values to rise or fall; and
- a change in zoning may have affected the value of the land.

How can similar properties have different values?

Similar properties may have different values because:

- the properties may be located in different neighbourhoods;
- the zoning for each property may be different; or
- an adjoining use may affect one property and not another (e.g., one property is located next to an industrial plant).

Principles

The *Assessment Act* requires that most land and improvements be assessed at market value.

Exceptions include utility properties, such as railways, pipelines, power lines and farm land. These properties are valued at regulated rates.

Property tax is a tax on wealth, sales tax is a tax on consumption, and income tax is a tax on income. Considered together, these taxes generally insure that people with greater wealth or greater ability to pay, contribute more tax. For those who cannot afford to pay property taxes (e.g., some seniors and disabled persons), tax deferral and tax relief measures are available.

For more information, contact your local BC Assessment area office or visit www.bcassessment.ca.