

RPTTG:101

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## **CHANGES TO THE “FIRST TIME HOME BUYER” EXEMPTION REQUIREMENTS**

This Real Property Transfer Tax Guide provides information to Real Estate Agents, Legal Professionals and Home Buyers on changes to the eligibility criteria for the First Time Home Buyer's transfer tax exemption.

### **First Time Home Buyer Exemption**

The [Real Property Transfer Tax Act](#) (the Act) requires that every person registering a deed in Prince Edward Island pay a tax equal to 1% of the greater of the purchase price or the assessed value of the real property. Certain types of real property transfers are exempt from this tax. For instance, no tax is payable on the registration of a deed of conveyance if the purchaser is a first time home buyer.

To qualify for the First Time Home Buyer exemption, an individual must first meet the definition of a “first time home buyer” set out in [section 5\(1\)](#) of the Act. Secondly, the first time home buyer's real property transfer must satisfy certain criteria found in [section 5\(2\)](#) of the Act.

### **Changes to Definition of “First Time Home Buyer”**

**Effective April 28, 2006**, the amount of time a purchaser must have continuously maintained his or her principal residence in Prince Edward Island in order to satisfy the Prince Edward Island residency requirement is reduced to not less than six (6) months immediately before the date the deed was registered.

Please Note: Showing that income tax were filed in the manner described in [section 5\(1\)\(a\)\(ii\)\(B\)](#) of the Act remains a valid method of fulfilling the PEI residency requirement.

### **Changes to Real Property Transfer Requirements**

**Effective October 1, 2016**, the \$200,000 cap on the value of the real property purchased by a first time home buyer has been removed. A qualified first time home buyer will be eligible for the transfer tax exemption regardless of the value of the home purchased on or after October 1, 2016.

## **FURTHER INFORMATION:**

For further information, copies of the [Real Property Transfer Tax Act](#) and [Regulations](#) or any inquiries regarding this Real Property Transfer Tax Guide, please contact:

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