



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

Publication Date: September 2021

Short Title: Foreign real estate buyer tax

Description: Introducing a 20% tax on residential property purchased in Canada by foreign nationals, foreign corporations or foreign taxable trustees. This tax will be added to the existing tax in British Columbia and Ontario. This proposal will be effective September 21, 2021.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		-273	-518	-509	-517	-534	-2,351

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: The tax base was built by combining the additional property transfer tax data from British Columbia and Canada residential sales from the Canadian Real Estate Association. The tax base was projected forward using residential investment in the EPC baseline. PBO estimated the share of transactions with foreign involvement using the property transfer tax data from British Columbia and accounted for partial participation.

Source of Uncertainty: The main sources of uncertainty relate to the proportion of transactions involving foreign participation and future house prices.

Data Sources:	Variable	Source
	Property transfer tax data	Ministry of Finance, British Columbia
	Residential sales	Canadian Real Estate Association
	Residential investment	PBO EPC baseline