

Foreigners are not treated much differently than Canadians when it comes to purchasing and owning real estate in Canada. Unlike some countries, such as Mexico, there are very few restrictions on foreign ownership of real estate in Canada. Most restrictions are imposed by provincial governments and differ from province to province. For example, in Prince Edward Island, non-residents of Canada need permission to purchase more than 5 acres of land. In British Columbia, however, there are no restrictions on foreign ownership of real estate. When purchasing real estate in British Columbia, foreign owners are not required to pay any fees and charges that a resident of British Columbia would not otherwise be required to pay.

When foreign owners sell real estate in Canada, they must obtain a Clearance Certificate from the Canada Revenue Agency. Currently, it takes approximately six to eight weeks to obtain a Clearance Certificate. The purpose of Clearance Certificates is to insure that all tax payable with respect to the purchase and sale of real estate has been collected by the Canada Revenue Agency. If your property is an investment property, this will include any tax payable on the rental income from the property which has not already been remitted, the tax on the capital gain experienced on the property and if applicable, recapture of capital cost allowance.

If the completion date occurs before a Clearance Certificate is issued than the purchaser's lawyer will holdback 25% of the sale price until the Clearance Certificate is issued. Consequently, all non-resident sellers should contact their accountant and lawyer about requesting a Clearance Certificate as soon as an offer accepted by the seller.

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