



District of Sechelt

Information Circular

Tax Sales

The purpose of this information circular is to provide information in response to frequently asked questions. It is not intended to be a complete review of the law pertaining to tax sales. For more information on tax sales consult the **Local Government Act**.

Information in this circular deals with:

1. What is the tax sale?
2. When is the tax sale?
3. How do I ensure my property does not go to tax sale?
4. Calculating the upset price
5. How is the tax sale conducted?
6. Being deemed the successful tax sale purchaser
7. When there is no purchaser at tax sale
8. The redemption period
9. Redeeming the property from tax sale
10. Transfers of property after the redemption period expires

1. What is the tax sale?

By statute, a Collector of a municipality must offer for sale properties that have delinquent taxes outstanding. Taxes are considered to be delinquent if they are unpaid for three years.

When taxes are originally levied against a property in the current year they are considered to be current taxes. Any amount remaining unpaid in the first year is transferred to tax arrears on January 1 (year two) of the following year. Interest now accumulates, un compounded, until either paid or transferred to delinquent taxes. Tax arrears unpaid in year two are transferred to delinquent taxes on January 1 (year three) of the following year.

2. When is the tax sale held?

Each year, if there are properties that have any amount of delinquent taxes outstanding, they must be offered for tax sale at 10:00 a.m. on the last Monday of September. If the last Monday in September is a holiday the tax sale must be held on the next Monday that is not a holiday. There may be occasions where a tax sale is not held because all delinquent taxes have been paid.

3. How do I ensure my property does not go to tax sale?

To keep your property from being offered for sale, by public auction, you must pay only the outstanding delinquent taxes in full prior to the tax sale date and time. It will not be necessary to pay the tax arrears or current taxes plus penalties to keep the property from being sold for taxes.

4. Calculating the upset price

The upset price is the minimum bid that will be accepted at the tax sale auction. An upset price is established by statute as the following:

1. the amount of delinquent taxes plus interest to the day of tax sale
2. taxes in arrears plus interest to the day of tax sale
3. current year taxes plus any penalties levied against the property
4. five percent of the total of items 1,2, and 3
5. filing fees under the **Land Title Act**.

The upset price is the starting price, or the minimum bid that will be accepted at the tax sale auction for a particular property.

5. How is the tax sale conducted?

Tax sales are conducted in an open public auction by the Collector or designate. A legal description, civic address, and upset price are read out loud. Bidding will start at the upset price. Bidding for properties may go well above the minimum bid.

Once the tax sale has been completed, the auctioneer will hold the tax sale in recess until, typically, the next day at approximately the same time. It will be up to the auctioneer to announce the time of day of the following day when the tax sale will be reconvened. If any person who was deemed to be a successful purchaser at tax sale fails to pay their bid amount within twenty-four hours, the auctioneer will offer again the property for sale by auction the next day.

6. Being deemed the successful tax sale purchaser

The successful tax sale purchaser must pay to the Collector or designate, the amount of the bid offered and accepted at the tax sale. Failure to pay the bid amount will result in the property being offered for tax sale again the next day.

After the bid amount has been paid, the purchaser will receive a Certificate of Sale from the Collector describing the parcel sold, the sale price, and that an indefeasible

title will be applied for on the purchaser's behalf at the end of one year from the date of sale unless the property is redeemed.

As purchaser of land and/or improvements at tax sale, the purchaser will also be liable to pay any taxes levied under the **Property Transfer Tax Act** should the property be registered in the name of the purchaser. Taxes payable under the **Property Transfer Tax Act** will be based on the deemed fair market value of the property on the date of the transfer.

Each person must keep in mind that even though a property is in tax sale, taxes will continue to be levied against the property even during the one year redemption period. As a result, if the property does transfer to the successful tax sale purchaser, there will be current taxes due in the year of the transfer.

7. When there is no purchaser at tax sale

On occasion, bids will not be received for a parcel of land. When this occurs, the municipality will be deemed to be the purchaser.

8. The redemption period

The owner of the parcel of land that was sold at tax sale has one year from the date of the tax sale to redeem the property. If not redeemed, the Collector will apply to transfer title to the name of the successful tax sale purchaser.

Notice will be given to every owner of the fee simple property and owners of charges against the property that the property was sold at tax sale. Either of these parties can redeem the property in order to protect their interest.

9. Redeeming the property from tax sale

Redeeming a property from tax sale is done by paying to the collector the following amounts:

- the upset price of the parcel at the time of the tax sale plus interest;
- all costs of which the collector has had notice that have been incurred by the purchaser in maintenance of the real property and in prevention of waste;
- taxes advanced by the purchaser;
- interest to the date of redemption on any amount in excess of the upset price and on the total amount expended by the purchaser during the period for redemption, at the prescribed rate under section 11(3) of the **Taxation (Rural Area) Act**. The interest rate in effect from September 1, 2010 to December 31, 2010 has been established at 5.25%.

According to statute, the option of redeeming a property by making installment payments is not offered.

10. Transfers of property after the redemption period expires

At the end of the redemption period of one year, title will be applied for, on your behalf, by the Collector. Title will transfer free of any financial encumbrances, liens, or judgments, except for any lien by the Crown, covenants and rights of way. or and improvement district.

Disclaimer: The District of Sechelt makes no representation express or implied as to the condition or quality of the properties being offered for sale. Prospective purchasers are urged to inspect the properties and make all necessary inquiries to municipal and other government departments, and in the case of strata lots to the strata corporation, to determine the existence of any bylaws, restrictions, charges or other conditions which may affect the value or suitability of the property.