



## Understanding property classes and exemptions

BC Assessment places property in one or more of nine classes, typically based on the property's type or use. Municipal zoning does not determine property class, though it may be a factor in some cases.

### The property classes:

**Class 1, Residential** — single-family residences, multi-family residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, some vacant land, farm buildings and daycare facilities.

**Class 2, Utilities** — structures and land used for railway transportation, pipelines, electrical generation or transmission utilities, or telecommunications transmitters. This property class does not include gathering pipelines, offices or sales outlets.

**Class 3, Supportive Housing** — this property class only includes eligible supportive housing property that has been designated by Cabinet. Eligible supportive housing property is funded by the provincial government or a health authority for the provision of housing that includes on-site support services for persons who were previously homeless, at risk of homelessness, and who are affected by mental illness or who are recovering from drug or alcohol addictions or have other barriers to housing. For more information, visit [Classifying Supportive Housing Property \(/Services-products/property-classes-and-exemptions/classifying-supportive-housing-property\)](/Services-products/property-classes-and-exemptions/classifying-supportive-housing-property).

**Class 4, Major Industry** — land and improvements (buildings and structures) of prescribed types of industrial plants, including lumber and pulp mills, mines, smelters, large manufacturers of specified products, ship building and loading terminals for sea-going ships.

**Class 5, Light Industry** — property used or held for extracting, processing, manufacturing or transporting products, including ancillary storage. Scrap metal yards, wineries and boat-building operations fall within this category. Exceptions include properties used for the production or storage of food and non-alcoholic beverages and retail sales outlets, which fall into Class 6. For more information, visit [Light Industrial vs. Business and Other Property Classifications \(/Services-products/property-classes-and-exemptions/light-industrial-vs-business-and-other-property-classifications\)](/Services-products/property-classes-and-exemptions/light-industrial-vs-business-and-other-property-classifications).

**Class 6, Business and Other** — property used for offices, retail, warehousing, hotels and motels all fall within this category. This class includes properties that do not fall into other classes.

**Class 7, Managed Forest Land** — privately-owned, forest land managed in accordance with the *Private Managed Forest Land Act* or the *Forest and Range Practices Act*. Property owners in this class have an obligation to provide good resource management practices, such as reforestation, care of young trees, protection from fire and disease and sound harvesting methods.

For more information on managed forest land, consult the pages: [Managed Forest Classification in British Columbia \(/Services-products/property-classes-and-exemptions/managed-forest-classification-in-british-columbia\)](#) and [How Managed Forest Land is Assessed \(/Services-products/property-classes-and-exemptions/managed-forest-classification-in-british-columbia/how-managed-forest-land-is-assessed\)](#).

**Class 8, Recreational Property, Non-profit Organization** — includes two very different categories:

### **Recreational Land**

- land used solely as an outdoor recreational facility for specific activities such as golf, skiing, tennis, public swimming pools, waterslides, amusement parks, marinas and hang gliding. Improvements on the land (such as a clubhouse) fall into Class 6.

- land in a rural area that is part of parcel used for overnight commercial accommodation that exists predominantly to facilitate specific outdoor recreational activities such as hunting, fishing and kayaking. Improvements on the land most likely fall within Class 6 (e.g. a hotel).

### **Non-Profit Organization Land and Improvements**

- property used or set aside for at least 150 days per year as a place of public worship or as a meeting hall by a non-profit, fraternal organization. The 150 days cannot include activities with paid admission or the sale/consumption of alcohol.

- additionally, the 150 days needs to be in the year ending on June 30 of the calendar year preceding the calendar year for which the assessment roll is being prepared.

**Class 9, Farm** — to qualify as farm for assessment purposes, the land must produce a prescribed amount of qualifying primary agricultural products for sale, such as crops or livestock. Farm buildings come within Class 1. For more information on farm land, visit [Farm Land Assessment \(/Services-products/property-classes-and-exemptions/farm-land-assessment\)](#).

### **Split Classification**

Property with several distinct uses can fall into more than one class. For example, commercial and residential space might be combined in one building, or a property combines residential, farm and forest land. In these cases, BC Assessment determines the share of the value of the property attributable to each class.

## **Exemptions from property tax**

BC Assessment is required to determine the "actual value" of land and improvements (i.e., property) in the Province. However, property taxes are levied on a property's "taxable value", not its actual value. "Taxable value" is a property's actual value minus the value of any tax exemptions.

## **What is a tax exemption?**

A tax exemption is a tool that reduces or eliminates liability to property tax. In a few unusual situations property may be exempt from assessment, in which case it is not included on the assessment roll. But more commonly, property is assessable (i.e., included on the roll) but exempt from property tax in whole or in part. This page focuses on exemptions from property tax.

## **How exemptions work**

Exemptions from property tax operate in a number of different ways. Exemptions may be whole or partial; that is, they may exempt all or only part of a property from taxes, or they may provide relief from all or only some property taxes. In all cases, specified criteria such as ownership, use, location, or property type, must be met before an exemption applies. In

some cases, the discretion to grant or deny an exemption lies with the taxing jurisdiction.

## Look up tax exemptions

The majority of property tax exemptions are contained in taxing statutes such as the *Community Charter*, the *Vancouver Charter*, the *Local Government Act* and the *Taxation (Rural Area) Act*. However, exemptions are also set out in more subject-specific legislation such as the *School Act*, the *Health Authorities Act* or the *University Act*.

## Examples of exemptions providing full relief from property taxes

- Property owned by the federal or provincial government is fully exempt from property taxes for all purposes: section 125 of the *Constitution Act*.
- Property owned by a municipality is fully exempt from property taxes for all purposes: section 220(1)(b) of the *Community Charter*, and section 131(1) of the *School Act*.

## Examples of exemptions providing partial relief from property taxes

- A farmer's dwelling in a rural area is exempt from provincial general property taxes, but subject to school taxes: section 15(1)(f) of the *Taxation (Rural Area) Act*; and section 131(4)(a) of the *School Act*.
- Up to \$10,000 of the assessed value of improvements in Class 4 – major industry, Class 5 – light industry and Class 6 – business and other is exempt from all property taxes: Industrial and Business Property Exemption Regulation, made under the *Community Charter*.
- 50% of the assessed value of a parcel of land in Class 9 – farm is exempt from school taxes: section 130(1)(a) of the *School Act*.

This information is not intended to be a comprehensive guide on exemptions from property tax.

## More information

More information about property taxation and exemptions can also be found at the following provincial government links:

1. Municipalities - [Local governments - Province of British Columbia](https://www2.gov.bc.ca/gov/content/governments/local-governments)  
(<https://www2.gov.bc.ca/gov/content/governments/local-governments>).
2. Rural areas - [Property taxes in rural areas - Province of British Columbia](https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/rural-area)  
(<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/rural-area>).

<https://info.bcassessment.ca/Services-products/property-classes-and-exemptions/understanding-property-classes-and-exemptions>