

# Land Kill monster cash grab

Land Transfer Tax abomination has grown 1,000% or more over past 24 years

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Buy a home in Manitoba and you'll be paying the highest land transfer tax in the country, says the WinnipegREALTORS® Association. (QMI Agency files)

Imagine if one of the taxes you pay went up 1,000% or more over the past 24 years?

Well, you don't have to look any further than the province's dreaded Land Transfer Tax, a tax the provincial government charges us when we transfer a land title when we sell our homes.

It was introduced by the NDP in 1987 by then-finance minister Eugene Kostyra and was touted as a "break-even" fee to cover the administrative costs of the land titles office.

For the most part, it was a relatively small fee of a couple of hundred dollars or less.

Nearly 25 years later, it has turned into one of the biggest tax grabs known to government, hauling in a staggering \$62.5 million in 2011. That's more than five times the \$11.9 million the tax took in 10 years ago.

The main reason for the massive increase is because the province has refused to index the Land Transfer Tax to keep pace with soaring house prices.

Unlike the city's property tax system, which lowers the mill rate most years to account for increases in the assessed value of homes, the Land Transfer Tax has not been adjusted.

The WinnipegREALTORS® Association released some stunning numbers Wednesday on the tax, showing that on average, homeowners are paying over 1,000% more for this tax on the same homes that were sold 24 years ago.

It's not that the homes are worth 1,000% more over that period. But by refusing to index the thresholds for how the tax is applied, the value of homes are taxed at much higher rates.

"Manitoba now has the highest land transfer tax rate in the country," the WinnipegREALTORS® Association said in a news release. "The impact is 10 times what it once was." But that's not all.

To make matters worse, Premier Greg Selinger — when he was finance minister in 2004 — increased the tax for homes worth more than \$200,000. Instead of indexing the thresholds to keep pace with skyrocketing inflation in the housing market, Selinger did the opposite and increased the tax to 2% from 1.5% for the portion of home prices that exceed \$200,000.

He didn't do it because Manitoba Land Titles needed the money to run its office. In fact, the Winnipeg Sun has reported that the province only uses 1% of the land transfer tax money it takes in to administer the transfer of property titles.

So it's a complete cash grab.

The WRA provides an example of a home built in 1904 that sold for \$75,000 in 1987. At the time, the land transfer tax for the new owner was \$228. By 2011, the same home sold for \$266,000 and the land transfer tax ballooned to \$2,648.

It also shows examples of how the land transfer tax went up by as much as 1,800% during that same period.

Ouch. If that isn't a complete money grab on a house that's more than 100 years old, I don't know what is.

I'm all for attaching taxes and fees to usage. And I think it's reasonable for a homebuyer to pay a small fee that covers the administrative costs of transferring a land title. But \$2,648? That's a complete ripoff.

Ask your candidates during this election campaign what they propose to do about this cash grab.

Somebody has to put an end to it.

### HOW IT WORKS

The Land Transfer Tax is based on value markets of homes and paid upon transfer of land title

— 0% on first \$30,000

— 1.5% for the next \$150,001 to \$200,000

— 0.5% for the next \$30,000 to \$90,000

— 2% for anything over \$200,000

— 1% for the next \$90,001 to \$150,000

*Manitoba Finance*