



MAPLE RIDGE | LANGLEY  
CHARTERED PROFESSIONAL ACCOUNTANTS

## **CLIENT NEWS BULLETIN**

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### **Land Ownership Transparency Act – Disclosing beneficial ownership of land**

**If you hold real property in a corporation, partnership or trust the following information may apply to you. Please contact us if you have any questions.**

Last year in May 2019, BC Government enacted the *Land Owner Transparency Act* (“LOTA”) in its effort to prevent tax evasion, fraud and money laundering. The LOTA will come into full force when the regulations are adopted (which is expected to be in late 2020). The purpose of LOTA is to establish a new registry in BC disclosing the beneficial ownership of land in BC.

**The idea is to “drill down” from the registered owner of the land, through *any and all layers of entities to find out the particulars of the actual individual people who are the beneficial owners of that land.***

LOTA will apply to all situations where land in BC is owned by a company or held in trust for beneficial owners. It will also apply to lands leased for a term of more than ten (10) years registered at the Land Title Office. There are very few exemptions from this new law, although it does not apply to First Nations Lands or any other types of land which the Province might exclude by regulation.

LOTA applies to the “*reporting body*” which is required to file a transparency declaration and transparency reports in the new registry. Reporting bodies are legal entities (or relationships) which are capable of owning land and for which there are distinct legal and beneficial owners. The three types of the reporting body:

1. “Relevant corporations”, being all corporations except those specifically excluded (such exclusions include government entities, statutory authorities, public companies, financial institutions, insurance companies, strata corporations, corporations owned by First Nations and wholly owned subsidiaries of other excluded entities);
2. “Relevant trusts”, being almost all express trusts and their trustees, including bare trusts and the nominees or bare trustees thereunder (but excluding testamentary trusts, charitable trusts and the Public Guardian and Trustee);
3. “Relevant partnerships”, being all types of partnerships including general partnerships, limited partnerships, limited liability partnerships, professional partnerships and foreign partnerships.

There are three (3) categories of interest holders that must be reported under the registry. They are:

1. A “beneficial owner”, which is an individual who has an interest in land registered in the name of a trustee, has the power to revoke a relevant trust and receive the interest in the subject land or is a “corporate interest holder” in a “relevant corporation” which itself has a beneficial interest in land or the power to revoke the “relevant trust” and receive the interest in land itself;
2. A “corporate interest holder”, which is an individual who:
  - a. has a beneficial or registered interest in a significant amount of shares of a corporation (being defined as a 10% or more ownership of outstanding shares or a 10% or more voting right control in a corporation); or
  - b. has the right or ability to directly or indirectly appoint the majority of the board of directors in a corporation or to significantly control an individual with such rights; or
  - c. through jointly held interests, rights or abilities, meets one of the criteria set out in (a) or (b) above, with all such individuals being considered corporate interest holders;
3. A “partnership interest holder”, which is an individual who is a partner in a “relevant partnership” or is a “corporate interest holder” in a “relevant corporation” which is a partner in a “relevant partnership”.

A reporting body has an obligation to file under LOTA if:

- There is a registration of a new interest in land at the Land Title Office;
- There is a pre-existing interest in land; or
- There are changes in interest holdings in land or in a reporting body.

When a new interest in land is registered at the Land Title Office, the transferee must file a transparency declaration disclosing whether or not the transferee is a reporting body, and, if so, which type of reporting body. If the transferee is a reporting body, then it must also file a transparency report in which it discloses information about itself and all its relevant interest holders.

Failure to submit a transparency declaration (and, if required a transparency report) will result in the Land Title Office refusing to register the interest in land. Less significant contraventions of LOTA are subject to penalties up to the greater of \$25,000 for individuals or \$50,000 for non-individuals and 5% of the assessed value of the subject property. The most serious contraventions of LOTA are subject to fines up to the greater of \$25,000 to \$50,000 for individuals or \$50,000 to \$100,000 for non-individuals and 15% of the assessed value of the subject property.

As a significant percentage of properties in BC are owned either by a corporation or an owner holding title in trust for an unregistered and undisclosed beneficial owner, it will be necessary for all such owners to prepare and register transparency reports and transparency declarations shortly after LOTA comes into force.

If you require more information on LOTA you may wish to read the information brochure available at the following link or contact your lawyer.

[https://landtransparency.ca/wp-content/uploads/2020/06/LOTR\\_Presentation\\_WEBSITE-June-9.pdf](https://landtransparency.ca/wp-content/uploads/2020/06/LOTR_Presentation_WEBSITE-June-9.pdf)