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Purpose

This Assessment Policy ensures that BC Assessment (BCA) consistently exempts and classifies all property that is used or set aside for public worship in municipalities or rural areas.

Out of Scope

This document does not deal with the application of the more general exemptions for properties used for charitable purposes, although churches may be charitable organizations. If a church-owned property is to be exempt due to its charitable nature (e.g., some Salvation Army owned properties might fall under this category), then the exemption will likely be pursuant to a provision different from the provisions applicable for “places of public worship”. This document also does not address the specific exemptions for Bible Colleges under specific pieces of legislation that relate to the particular college.

This document does not address classification of properties owned or used by religious organizations for purposes other than public worship. Those properties will be classified according to their use, just as any other property.

Resources

Legislation

[Community Charter](#), section 220(1)(h), 224(2)(f) and 224(2)(g)

[Local Government Act](#), section 391(4)(b)

[Prescribed Classes of Property Regulation](#), BC Regulation 438/81

[Taxation \(Rural Area\) Act](#), section 15(1)(d)

[Vancouver Charter](#), section 396(1)(c)(iv) and section 397(1)



Policy Statements

1. Where properties/portions of properties that are used (or set aside for use) principally as places of public worship meet the requirements for exemption set out in *the Vancouver Charter, Community Charter, or Taxation (Rural Area) Acts*, a mandatory exemption must be applied using the guidelines set out in this document.
2. Confirm whether the property is within a municipality (including City of Vancouver) or in a rural area to determine which legislation to apply.
3. Confirm that worship occurs at the property (i.e., worship likely does not occur on the entirety of a religious recreational camp).
4. Confirm that the worship is public by applying the invitation test (i.e., that anyone is invited to attend to worship, not just a group within the congregation or specific persons attending at the property).
5. Confirm that public worship is the principal use of the property.
6. For properties within a municipality¹ (except City of Vancouver), confirm that the property is owned by one of the following:²
 - The religious organization using the building
 - Trustees for the use of that organization
 - A religious organization granting a lease of the building and land to be used solely for public worship
 - If the property is owned by none of these, confirm whether the municipality has passed a permissive exemption for the property.³
 - For properties within the City of Vancouver, confirm that the property is owned by a religious organization, either directly or through trustees (includes owner under agreement).⁴
7. For properties within a municipality (except City of Vancouver) that conform to the ownership requirement, confirm whether the municipality has passed a permissive exemption for:
 - Land surrounding the worship building
 - A hall necessary to the worship building
 - Land surrounding the hall

¹ The *Taxation (Rural Area) Act*, section 15(1)(d) does not have an “ownership” criterion.

² Pursuant to section 220(1)(h) of the *Community Charter*.

³ A permissive exemption can be passed for a leased property owned by a non-religious owner, under section 224(2)(g) of the *Community Charter*, no matter who the owner is.

⁴ Pursuant to section 396(1)(c)(iv) of the *Vancouver Charter*.



8. Public places of worship must be classified based on their use as set out in BC Regulation 438/81, *Prescribed Classes of Property*, using the guidelines set out in this document.



Procedures

Exemption

Exemptions for places of public worship are generally based on the use of the property and may also be based on the ownership. Exemptions for places of public worship may be:

- mandatory only;
- permissive only; or
- both mandatory and permissive (i.e., a hybrid exemption).
- sometimes based on ownership criteria.
- complete or partial, depending on the circumstances.

NOTE

Attention should be paid to the wording of the applicable legislation (e.g., *Vancouver Charter*, *Community Charter*, *Local Government Act* or *Taxation (Rural Area) Act*) as each has specific language with regards to an exemption for a place of public worship.

Mandatory Exemption versus Permissive Exemption

Mandatory exemption: an exemption that the assessor must apply if the criteria in the exemption are met.

Permissive exemption: an exemption that requires a bylaw to be passed by a municipality or regional district. The bylaw must be authorized by the *Community Charter* (for municipalities) or the *Local Government Act* (for regional districts). There are no permissive exemptions for places of public worship under the *Vancouver Charter* – there is only a mandatory exemption.

Where there is a permissive exemption, consider the legislative provision under which the permissive exemption bylaw was passed, and determine whether the property meets the criteria of the legislation and bylaw before applying the exemption to the property.

Key Questions

Some of the questions to ask in determining whether a property is exempt as a place of public worship include:

1. Where is the property located?
 - This question is important because it will determine which piece of legislation is applicable. For example, in the City of Vancouver, apply the *Vancouver Charter*, section 396(1)(c)(iv). In municipalities other than the City of Vancouver, apply the *Community Charter*, sections 220(1)(h), 224(2)(f) or 224(2)(g). For rural areas, apply either the *Taxation (Rural Area) Act*, section 15(1)(d), or the *Local Government Act*, section 391(4)(b) (depending on the circumstances).



2. Does worship occur at the property?
 - Establish what evidence there is that worship occurs, or will occur if the property has improvements under construction/renovation.
3. Is the worship public?
 - Establish what evidence there is of who participates, or will participate, in the worship.
4. How often does this activity occur?
 - This evidence will go toward a finding of what the principal use of the property is.⁵
5. If the property is used for public worship, is that its principal use?
 - Determine whether there are any other uses of the property. There is no need for worship to be the only use of the property, if worship is its principal use. Areas that are used for more than one purpose should be looked at to see if there is a need to apportion the exemption to the portions of the property that have as a principal use public worship.
 - For areas that are used both for worship and daycare purposes (e.g., Sunday school spaces), allow the exemption in order that these sorts of properties will be treated consistently with exemption in the Vancouver Charter (which exempts daycares in worship spaces).
6. Is the whole of the property used for public worship, or only a portion of it?
 - If only a portion of the building is set apart and/or used for public worship (including areas that are necessarily incidental to the worship, such as hallways, foyers, washrooms), then that is the area that should be exempted under the exemption for places of public worship.

NOTE

If there are other areas of the building that could be exempt under a different exemption (e.g., such as a permissive exemption), then consider what else may apply.

- If the whole of the building is set apart and/or used for public worship then the whole of the building should be exempted under the exemption for places of public worship.
7. Who owns the property?
 - This is relevant for the exemption under the *Vancouver Charter*, and for some of the exemption provisions under the *Community Charter*

⁵ *Young Life v. Assessor of Area 08 – North Shore/Squamish Valley* (2005, Stated Case 487, BCSC



Exemption – City of Vancouver

Legislation	Exemption Type & Extent	Criteria	Special considerations
<p><i>Vancouver Charter</i>, section 396(1)(c)(iv) and section 397(1)</p>	<p>Type: Mandatory</p> <p>Extent: Full; or Partial</p>	<p>Exemption for “churches”</p> <p>“Real property”, includes “land and improvements thereon”; exemption applies to any “public worship of God” and to “improvements” on property even if improvements are not a building</p> <p>Must be both “set apart” and “in use” as place of public worship cannot apply if improvements not “in use”, so cannot apply to improvements that are under construction or that are being renovated use as place of public worship not required to be “exclusive use”, so other uses permitted provided public worship is the primary use (<i>Young Life</i>)</p> <p>Must be owned directly by the religious organization using it, or by trustees for that religious organization</p> <p>Ownership can be either registered ownership or ownership under agreement</p>	<p>Apply to worship building of any religious organization</p> <p>Exemption not lost if bylaw of City of Vancouver approves use of part of building for/by: government, even if fee paid for use (e.g., polling place for election) Care or instruction of children under school age by charitable or non-profit organization (e.g., pre-school or daycare) teaching of organ or choral music, even if fee paid for use organ recitals, even if recitalist receives fee for recital</p> <p>Section 397(1) limits the exemption to “so much real property as is reasonably necessary for the ... religious organization”, which is up to the Assessor to determine</p>



Exemption – Municipalities Other than Vancouver

Legislation	Exemption Type & Extent	Criteria	Special considerations
Community Charter, sections 220(1)(h) and 224(2)(f); or section 224(2)(g)	<p>Type: Mandatory; Permissive; or Both</p> <p>Extent: Full; or Partial</p>	<p>Section 220(1)(h) Mandatory exemption for “building set apart for public worship and land on which the building stands” “Building” “building” narrower than “improvements”; exemption applies only to buildings</p> <p>“Set apart for public worship” can apply to buildings under construction or being renovated⁶ Title to land (i.e., ownership) must be registered in one of the following: the religious organization using the building; the trustees for the use of that organization; or a religious organization granting a lease of the building and land to be used solely for public worship</p> <p>Section 224(2)(f)</p>	<p>Land on which the building stands is the footprint of land under the exempt worship building.</p> <p>No requirement that the land and improvements be used exclusively for public worship, so secondary uses of space permissible without exemption being lost. However, public worship should be the primary use, (or intended use if the building is under construction/being renovated) (<i>Young Life</i>)</p> <p>A company that enters into a legally binding trust agreement with a religious organization, that provides the property is held in trust for the exclusive use by the religious organization as a place of worship, should meet the ownership criterion under section 220(1)(h).</p> <p>It is a prerequisite to the application of section 224(2)(f) that there be an exempt worship building under section 220(1)(h); if the building isn’t exempt under section</p>

⁶ In *Roman Catholic Archbishop v. Assessor of Area 23 – Kamloops* (1982, Stated Case 164, BCSC), the Court decided that an exemption for a building set apart and in use for the public worship of God could not apply to a building under construction. Subsequent to that decision, the words “and in use for” were removed from the exempting provision, so which now enables places of public worship to be exempted while under construction (as soon as construction of a building has commenced on site).



Legislation	Exemption Type & Extent	Criteria	Special considerations
		<p>Permissive exemption bylaw by municipality required to exempt: area of land surrounding the exempted building (i.e., the building exempt under section 220(1)(h) a hall that council considers is necessary to the exempt building, and the land on which the hall stands any area of land surrounding the exempt hall and the land on which it stands</p> <p>Section 224(2)(g) Permissive exemption bylaw required to exempt religious organization that, under lease or license, uses/occupies land or improvements for: public worship; or for purposes of a hall council considers necessary to land and improvements used for public worship</p>	<p>220(1)(h), then the municipality has no authority under section 224(2)(f) to pass a permissive exemption.</p> <p>If Council chooses not to pass a permissive exemption bylaw for: the land surrounding the exempt building; the hall and the land under the hall; or the land surrounding the exempt hall, neither the PARP nor the PAAB can change that.⁷</p> <p>If Council does not pass a permissive exemption, or passes a permissive exemption for only part of the: the land surrounding the exempt building; the hall and the land under the hall; or the land surrounding the exempt hall the property will be partially exempt and partially taxable.</p> <p>If Council chooses not to pass a permissive exemption bylaw for land or improvements leased by a religious organization, neither the PARP nor the PAAB can change that (see footnote #7).</p> <p>If the Council chooses to pass a permissive exemption for only a portion of</p>

⁷ See *Assessor of Area 14 – Surrey/White Rock v. Iglesia Ni Cristo Church of Christ and Roman Catholic Archbishop of Vancouver* (2003, PAAB – refer to as 2003 PAABBC 20030824); *Assessor of Area 14 – Surrey/White Rock v. Roman Catholic Archbishop of Vancouver* (2003, PAAB – refer to as 2004 PAABBC 20031755)



Legislation	Exemption Type & Extent	Criteria	Special considerations
			the property, the property will be partially exempt and partially taxable.



Exemption – Regional Districts

NOTE

This may apply to urban or rural areas, however, due to exemptions under the *Community Charter* and *Vancouver Charter*, this section most likely will apply to rural properties.

Legislation	Exemption Type & Extent	Criteria	Special considerations
<i>Local Government Act</i> , section 391(4)(b)	Type: Permissive Extent: Full; or Partial	Permissive exemption bylaw to exempt property in an electoral area that a church does not own but which it rents or occupies for public worship or land and improvements used for purposes of a church hall that council considers necessary to the church	<p>Apply to worship building of any religious organization</p> <p>This provision specifically refers to the religious organization being the tenant or licensee of the property, therefore the property can be owned by anyone (i.e., including a private, taxable owner) and still be eligible for the permissive exemption, provided it is used or occupied by a religious organization as tenant or licensee.</p> <p>If the regional district board chooses not to pass a permissive exemption bylaw for land or improvements leased by a religious organization, neither the PARP nor the PAAB can change that (see footnote #7). However, if the property is in the rural area, check to see if it qualifies for exemption under the <i>Taxation (Rural Area) Act</i>.</p> <p>If the regional district board chooses to pass a permissive exemption for only a portion of the property, the property will be partially exempt and partially taxable.</p>



Exemption – Taxation (Rural Area) Act

Legislation	Exemption Type & Extent	Criteria	Special considerations
<p><i>Taxation (Rural Area) Act, section 15(1)(d)</i></p>	<p>Type: Mandatory</p> <p>Extent: Full</p>	<p>Property must be a “place of public worship” (see definitions section)</p> <p>primary use of the property must be for public worship</p> <p>worship must be public</p>	<p>“Place” can be land only if the land meets the definition of a “place of public worship”</p> <p>No ownership criteria for place of public worship, so place of public worship need not be owned by the religious organization using it.</p> <p>No limitation to the extent (i.e., size in area) of the exemption. However, if only a portion of a property meets the definition of a “place of public worship”, then the exemption should be applied only to that extent. Any area on the same property that is reasonably ancillary to the public worship use of the property should be exempted which, depending on the size of the parcel, may be all of it or only some of it.</p> <p>Where parking or other improvements associated with the church are located on an adjacent site, these folios should generally be taxable. The wording of s. 15(1)(d) does not extend beyond a place of public worship.</p> <p>Any site or portion of a site associated with a church that does not meet the criteria outlined above to qualify for an exemption under s. 15(1)(d), may be eligible for a different mandatory exemption under s. 15 and should be reviewed to ensure all applicable mandatory exemptions are applied. A permissive exemption for church halls or leased churches may also be passed under s. 391 (4)(b) of the Local Government</p>



Legislation	Exemption Type & Extent	Criteria	Special considerations
			Act at the discretion of the Regional District board. S. 391(3) requires that the Board pass a bylaw by October 31st.



Classification

Classification of places of public worship is governed by the *Prescribed Classes of Property Regulation*, B.C. Reg. 438/81.

Class 8 – recreational property/non-profit organization is the classification that applies to most places of public worship. The regulation provides for specific use requirements to be met or Class 8 will be lost. If a property does not qualify for Class 8, it will likely be Class 6 – business and other, or possibly Class 1 – residential if there is a residential component to the property (e.g., a manse). Split classification may be necessary if part of a property meets the criteria for Class 8 and part does not.

It is important to keep in mind that the tax status of a property and its classification are completely separate concepts, so depending on the facts of a particular situation a property used for public worship could be in Class 8 but not entitled to exemption or vice versa. For example, if a property is purchased after June and does not meet the 150-day test in Class 8, but is used as a place of public worship as of December 31, then for the upcoming roll it cannot be in Class 8, but it will be exempt as a place of public worship (for the first year).

Classification must be based on the type or use of the property, not on ownership. Since some exemptions are based (at least in part) on ownership, but classification is based on the type or use of the property, it may be possible to have a property that is classified as Class 8, but not exempt because of not meeting the ownership requirement for exemption.

The following criteria must be met for a property used or set aside for use as a place of public worship to receive Class 8:

1. The use or setting aside of the land and improvements for the purpose of public worship must be for at least 150 days of year ending June 30.
2. The 150 days cannot include any days where:
 - The land and improvements so used or set aside are also used for
 - i. any purpose by an organization that is neither a religious organization nor a non-profit fraternal organization,
 - ii. the property is used for entertainment with an admission charge, or
 - iii. there is the sale or consumption of alcohol on the property.

Class 8 may apply not only to the part of the property used for public worship (i.e., the sanctuary in a church), but also to any facilities necessarily incidental to that use (i.e., such as the clergy person's offices, a church hall, parking, etc.).

If a property will be or has been under construction or renovation and there is a clear intention that for at least 150 days prior to June 30 the property has been "set aside" for public worship (e.g., through building permit), and if there are no other reasons (e.g., alternate usage) to place the property in a different property class, then the property should be placed in Class 8.

If a property is owned by a religious organization but public worship is no longer a use of the property at all (e.g., a derelict building), then the exemption should be removed and



the classification changed to Class 6 (see: *Assessor of Area 25 – Northwest v. Trustees of Prince Rupert Congregation of Church of Christ*, 1993, AAB). If the property is within a municipality, check first with the municipality regarding whether it wishes to pass a permissive exemption for the property even though it is no longer used as a place of public worship (e.g., an exemption under the *Community Charter*, section 224(2)(a), depending on the circumstances).

