



Effective May 2006, the Federal Government eliminated the Capital Gain Tax on gifts of appreciated securities. Therefore, a donor who gives publicly traded shares can reduce his or her actual cost of the donation. However, if the donor sells the shares first and then gifts the proceeds, 50% of the gain would be taxable.

The donor will receive a larger tax credit – by “buying low and giving high”. Don’t sell the stock first. Even though you would donate the proceeds as a gift, the CRA will impose capital gains tax on the sale, wiping out the entire benefit of giving stock.

Sample donation/Share transfer	Sell shares/ donate cash	Donate shares
	<i>(50% of gain is taxable)</i>	<i>(No tax on gain)</i>
Market Value	\$10,000	\$10,000
Cost base	\$2,000	\$2,000
Capital Gain	\$8,000	\$8,000
Taxable 50% of gain	\$4,000	-
Tax on Capital Gain @44%	\$1,760	-
Cost to You		
Donation Receipt	\$10,000	\$10,000
Less Tax credit @44%	\$4,400	\$4,400
Add: Tax on Capital Gain	\$1,760	\$0
Cost of donation to you	\$7,360	\$5,600
Net Tax Savings	\$2,640	\$4,400

A gift of securities is valued as of the day the securities reach our account, if your broker transfers them electronically or, the date the charity has accepted the shares and executed the transfer form(s), if you mail them. The gift value is the average of the high and the low prices for the securities on that date (for mutual fund shares, it is the net asset value).

The above " Sample donation/Share transfer " model is for illustration purposes only and may not accurately reflect the actual tax consequences applicable to you. Consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

“New York is Big, But this is Biggar”