



A Few Charitable Donation Tax Tips

- If a gift is made by way of a bequest (a will), the gift is deemed to have been made in the year of death and can be carried backward for one year. A donation can be made which equals 100% of the net income in the year of death and the year immediately preceding.

The 2000 Federal Budget extended the charitable tax credit to donations of RRIF, RRSP and life insurance proceeds that are made as a consequence of direct beneficiary designations - now the donor will be on the same footing as if the donation had been made in a will.

- If a gift is made during a donor's lifetime then that donor is eligible for a non-refundable federal tax credit of 17% or the first \$200 donated and 29% of any donation in excess of \$200 to a maximum of 75% of the donor's net income.
- If a donation is made that exceeds 75% of a donor's net income then the excess donation can be carried forward for the next five years.
- If a donation is not cash but some form of property (i.e. land, stock) then when the donation is made, the donor is deemed to have disposed of the property at its fair market value.
- However, where the donation is made to a registered charity the donor is entitled to select a transfer price for tax purposes that is between the adjusted cost base and the fair market value of the property.
- A donation of publicly-listed securities, units of mutual fund trusts and units of mutual fund corporations also provide tax savings because only one-third of the capital gain needs to be included in the donor's income (usually the usual two-thirds of the capital gain would be included in the donor's income).

- A donation of land, including a covenant or easement, may in certain circumstances be eligible for a tax credit for the land's full fair market value without regard for the normal net income limitation if the donation of land meets two requirements:
 - (a) the donation must be to a registered charity acknowledged by the Minister of the Environment as a charity with the primary purpose of the conservation and protection of Canada's environmental heritage, and
 - (b) the donation of land must be certified by the Minister of the Environment to be ecologically sensitive land, important to the preservation of Canada's environmental heritage.

- An official receipt containing the charity's registration number is required if a credit is to be allowed.

- Either spouse may claim all or a portion of the contributions made by either one of them.

This document has been prepared for the Diocese of Eastern Newfoundland and Labrador - Anglican Church of Canada.

This document is not to be relied upon as legal advice and the legal advice should be obtained before making a charitable donation.