

~MAKING A GIFT TO THE CCHC: CAPITAL PROPERTY ~

Introduction:

Capital property is any property that you hold as an investment. Common types of capital property include: real estate, marketable securities (such as stocks and bonds), shares or debt obligations of private corporations.

When you dispose of the capital property an increase in the value of the property from the time you acquired it to the time you dispose of it is called capital gain. 50% of the capital gain is subject to taxes. This can result in significant taxes owing by you or your estate.

If capital property is given as a planned gift, it can be given through a will, through a gift of residual interest, or as part of a charitable remainder trust. Tax incentives apply for a gift of capital property whether the gift is given now or as a planned gift.

In the example below, we have shown the tax implications of donating a cottage to a charity.

Fair market value of a cottage	\$125, 000
Original Cost	<u>\$65, 000</u>
Capital gain	<u>\$60, 000</u>
Taxable capital gain (50%)	<u>\$30, 000</u>
Tax on donation of cottage (assume 30%)	\$ 9, 000
Donations	\$125, 000
Donation Tax Credit	<u>\$58, 125</u>
Tax Savings	<u>\$49, 125</u>

In this example, the donation tax credit is used to eliminate the taxes on the capital gain and there is still \$49, 125 of tax credits to eliminate or reduce taxes on other income. If all of the credit cannot be used in the current year, it can be carried forward for 5 years to offset future taxes.

Conclusion:

Cobequid Community Health Centre is there when you need it. Whether you require emergency care, are managing a chronic illness, or need routine tests, care is available for you and your entire family—your children, siblings, parents and grandparents.

Contact Us:

If you or your legal advisors have any questions about referencing a gift to the Foundation in your will, please feel free to call our office (902) 869-6111 for more information.

Or visit www.cobequidfoundation.ca