

~MAKING A GIFT TO THE CCHC: SECURITIES ~

**Introduction:**

A gift of publicly traded security is a very effective way to give to charity. The tax treatment to the individual is very beneficial and the charity can decide themselves when or if they want to sell the security.

For donations of publicly traded securities after May 1, 2006, the capital gain, that would otherwise be taxable, is not included in income. The example below illustrates this concept.

The first scenario shows the tax implications if you sold the security first and then donated the cash to charity.

The second scenario shows that tax implications if you simply donated the security to the charity.

**Scenario 1 – Selling a publicly traded security and donating the cash from the sale to a charity**

Proceeds on the sale of security	\$10, 000
Original cost	<u>\$1, 000</u>
Capital gain	<u>\$9, 000</u>
Taxable capital gain (50%)	<u>\$4, 500</u>
Tax on sale of security (assume 30%)	\$1, 350
Donations	\$10, 000
Donation tax credit	<u>\$4, 650</u>
<b>Tax Savings</b>	<b><u>\$3,300</u></b>

In this scenario, after using the donation tax credit to eliminate the taxes on the sale of the security, you will still have \$3,300 remaining to eliminate or reduce taxes on the other income. If you don't have any other taxes payable, the donation tax credit can be carried forward for 5 years to offset future taxes.

**Scenario 2 – Donating the publicly traded security to a charity**

Fair market value of security	\$10, 000
Original cost	<u>\$1, 000</u>
Capital gain	<u>\$9, 000</u>
Taxable gain (0%)	<u>\$0</u>
Tax on donation of security	\$0
Donations	\$10, 000
Donation tax credit	<u>\$4, 650</u>

**Tax Savings****\$4,650**

In this scenario, there will not be any taxes on transferring the security to the charity; therefore, the full donation tax credit of \$4,650 can be used to eliminate or reduce taxes on other income. Again, if you don't have any other taxes payable, the donation tax credit 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](http://www.cobequidfoundation.ca)