

Making a gift of BCE shares is a good idea

On September 30, 2007, BCE Inc., Canada's largest telecommunications group, announced that it had reached an agreement to be bought by a group led by the Ontario Teachers' Pension Plan for \$51.7 billion, making it the largest takeover in Canadian history. The good news for current shareholders is that they will receive a reported \$42.75 cash per-share as part of the deal.

For those of you who hold BCE shares and are interested in making a contribution to GBLT in 2008, or a contribution to our Sandy Island project, we thought you would like to know about potential opportunities to benefit from relief from the capital gains that will be realized in 2008 on BCE shares.

Below is an example produced by ScotiaMcLeod, to compare the net tax savings between an in-kind donation of shares and donating the cash received after the sale of the shares.

*Donating BCE Shares Prior to Sale (In-kind):*

Laura has 1,000 shares of BCE valued at \$40.00 per share. Her original cost for the shares is \$20.00 per share. Laura's marginal tax rate is 45% and she has decided to donate all of her shares to a registered charity.

Tax on Unrealized Capital Gain =  $(\$40,000 - \$20,000) \times 50\% \times 45\% = 0$  (due to exemption on donated shares)

Tax Benefit from Charitable Donation Receipt =  $\$40,000 \times 45\% = \$18,000$

Net Tax Savings = \$18,000

*Donating the Cash Received After Sale (Cash):*

The BCE sale results in an immediate disposition and Laura receives cash for her shares, upon which she donates the cash to a registered charity.

Capital Gains Tax resulting from Sale =  $(\$40,000 - \$20,000) \times 50\% \times 45\% = (\$20,000 \times 50\%) \times 45\% = \$4,500$

Tax Benefit from Charitable Donation Receipt =  $\$40,000 \times 45\% = \$18,000$

Net Tax Savings =  $\$18,000 - \$4,500 = \$13,500$

Thus the benefit of donating shares In Kind versus Cash is \$4,500.

One does not have to donate all the BCE stock to charity in order to receive the benefit. Please consult with your own accountant or tax advisor for the required analysis pertaining to the number of BCE shares that you will need to donate to shield your capital gain taxes with the donation tax credit.