



Tax Scenarios

(based on Donation & Income Tax Scenarios, The Ecological Gifts Program)

| Calculation | Sale | Outright Gift | Notes |
|---|---|---|---|
| Certified Fair Market Value | \$500,000 | \$500,000 | Based on appraisal by an accredited appraisal (AACI certified). |
| Amount of the gift eligible for a donation receipt | \$500,000 <u>-\$500,000</u> \$0 | \$500,000 <u>-\$0</u> \$500,000 | |
| Capital gain | \$500,000 <u>-\$100,000</u> \$400,000 | \$500,000 <u>-\$100,000</u> \$400,000 | Subtract the adjusted cost base (estimated at \$100,000) of the property from the FMV. |
| Taxable capital gain | \$400,000 <u>*0.50</u> \$200,000 | \$0 | For sales, 50% of the capital gain is taxable. For outright ecogifts, the taxable capital gain is zero. |
| Taxable income | \$100,000 <u>+\$400,000</u> \$500,000 | \$100,000 <u>+\$0</u> \$100,000 | Income reported for income tax purposes (estimated at \$100,000) plus the taxable portion of the capital gain. |
| Donation limit or eligible amount in the year of the gift | \$0 | \$500,000 | For ecogifts, the entire FMV of the donation may be used to claim the donation tax credit while for other gifts, the donation limit is 75% of taxable income. |
| Federal income tax of the donor | \$134,904 | \$19,768 | Based on 2011 federal personal tax rates. |
| Federal non-refundable donation tax credit deducted in the year of the gift | \$0 | \$145,031* | Based on 15.5% of the first \$200 and 29% of the balance of the donation amount claimed in the year |

* Any amount of the gift that is not used to generate donation tax credits in the year of the gift may be carried forward & used for up to five years

NOTE: *These tax scenarios are hypothetical and simplified.. The tax implications of any transaction, including the tax implications of making an ecological gift, depend on the circumstances of the transaction as a whole and on the taxpayer's individual circumstances. The tax implications of making an ecological gift therefore cannot be considered in isolation. All potential donors, whether corporations or individuals, are strongly advised to obtain independent tax and legal advice on ecological gifts, or on any other tax issues to ensure that all tax implications of the gift are clearly understood. These scenarios illustrate only the potential federal tax benefits of ecological gifts. For information about the provincial/territorial or property tax implications of making an ecological gift, donors should consult the relevant provincial/territorial income tax legislation or their professional advisors.*

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