

**Did you know that . . .**

Since May 1, 2006, the federal and provincial governments have provided significant tax advantages to those who make donations of publicly traded securities. They waived the tax payable on the capital gain for these securities when given directly to charitable organizations and foundations such as the National Circus School Foundation.

This means that making a gift of securities to the National Circus School Foundation allows you to avoid the tax on capital gains, to maximize the return on investment, and protect the tax credits that will eventually be used on other taxable income.

If you own securities, it may be in your best interest to make a donation in the form of listed securities instead of cash.

**Types of securities:**

All capital securities listed on a prescribed stock exchange are eligible. For example:

- Shares
- Bonds
- Units of a mutual fund trust

**What are the advantages of donating securities?**

- You pay no tax on the capital gain from donated securities.
- You get a tax credit on your donation. A tax receipt will be issued equivalent to the shares' fair market value based on the closing share price on the date of transfer.
- You can, of course, use the tax credit for the year in which you make your donation or report it over a period of five years.

The following example illustrates the benefits of such contributions as compared to selling the shares and donating a comparable amount:

|   | <b>Donating shares to an organization</b> | <b>Donating cash from sold shares to an organization</b> |
|---|---|--|
| A) Amount of donation (fair market value) | \$5,000                                   | \$5,000  |
| B) Share purchase price                   | \$2,000                                   | \$2,000  |
| C) Capital gain (A-B)                     | \$3,000                                   | \$3,000  |
| D) Taxable gain (C x 50 %)                | \$0                                       | \$1,500  |
| E) Tax on capital gain (D x 50 %)         | \$0                                       | \$750  |
| F) Donation tax credit (A x 50 %)         | \$2,500                                   | \$2,500  |
| G) Tax savings (F-E)                      | \$2,500                                   | \$1,750  |
| H) Donation cost (A-G)                    | \$2,500                                   | \$3,250  |

**Note: This information is provided for purposes of illustration only and under no circumstances should the above replace professional advice. Please contact your financial advisor to determine the strategy that will help you achieve your financial goals.**

For more information on gifts of securities, please contact Tessie Yanez at 514-982-0859 ext. 240 or by email: [tyanez@enc.qc.ca](mailto:tyanez@enc.qc.ca).