



Gifts of Publicly Listed Securities

If you are considering making a donation to the BC Cancer Foundation, you can obtain additional tax savings by donating your securities instead of selling them and donating the cash. This is true whether your securities have increased or decreased in value.

If you own stocks, bonds or mutual funds that have grown in value, you have a capital gain (and resulting taxes) when you sell them. If you hold your securities for your life, your estate will then pay capital gains tax, as any assets owned by you are deemed to have been sold and subject to taxation on the date of your death*.

Generally, when publicly listed securities are transferred or sold, 50% of the capital gain is included in your taxable income. This is called an income inclusion. Depending on the original cost of acquiring your publicly listed securities, your capital gain could be as much as the full market value of your securities.

Revisions to the Income Tax Act of Canada made in 2006 and 2007 have completely **eliminated capital gains tax** on gifts of publicly listed securities to registered charities. As a result, if you make a gift of publicly listed securities to a registered charity, like the BC Cancer Foundation, you will avoid paying any capital gains tax. In addition, you will receive a charitable tax receipt for the full market value of your publicly listed securities, which you can use to offset other income tax payable.

***Example:** If a donor donates publicly listed securities to the BC Cancer Foundation, bought for \$2,000, that now have a fair market value of \$10,000, based on a combined Federal and Provincial tax rate of 43.7%, the following tax savings are realized by donating publicly listed securities directly rather than selling them and donating the proceeds:*

	DONOR SELLS SECURITIES AND DONATES CASH	DONOR DONATES SECURITIES
Fair market value	\$10,000	\$10,000
Adjusted cost base	(\$2,000)	(\$2,000)
Capital gain	\$8,000	\$8,000
Income inclusion for capital gain	(\$4,000)	-
Charitable tax receipt	\$10,000	\$10,000
Net receipt (after offsetting capital gain inclusion)	\$6,000	\$10,000
Tax savings at 43.7%	\$2,622	\$4,370
Increased tax savings from donating securities		\$1,748

Publicly listed securities include:

appreciated shares, debt obligations or rights that are listed on a prescribed stock exchange, mutual fund units, or shares and units in a segregated fund trust.

What if you want to make a donation and save on capital gains tax but keep your shares in your portfolio?

Simply donate the shares to the BC Cancer Foundation and then buy back the shares on the open market. You would avoid paying capital gains tax on the shares you donated and your new holdings will also have a cost base equal to the current market value of the shares, thereby reducing future capital gain.

Depreciated securities

If your shares have decreased in value, you can still benefit by donating them to BC Cancer Foundation. In addition to receiving a tax receipt for the fair market value of the shares, donating them will also result in realizing your capital loss. You can then apply the capital loss against any capital gains. The capital loss can be carried back 3 years and forward indefinitely.

Holding companies

If you hold publicly listed securities in a private holding company, the company may want to consider donating the shares to the BC Cancer Foundation. The full, nontaxable capital gain would be added to the capital dividend account where it may be paid out, tax-free, to the company shareholders.

Exchangeable securities

Revisions to the Income Tax Act of Canada made in 2008 now allow owners of securities that are not publicly traded but are exchangeable for publicly traded securities to be exempt from tax on the capital gain arising on the exchange, as long as certain conditions are met. For more information, please contact the BC Cancer Foundation or visit www.stocks4cancer.ca.

To learn more about how you can support research and care at the BC Cancer Agency, please contact your local BC Cancer Foundation office to speak to someone personally and confidentially about making a gift:

BC Cancer Foundation Provincial Office:

Isabela Zabava, LL.B.
Senior Director, Planned Giving
Phone: 604.877.6157
Fax: 604.877.6161
Toll free: 1.888.906.2873
Email: izabava@bccancer.bc.ca

For information about the BC Cancer Agency centre closest to you, please contact:***BC Cancer Foundation Regional Offices:*****Abbotsford**

Toll free: 1.877.751.0111

Fraser Valley

Toll free: 1.866.232.9974

Southern Interior

Toll free: 1.866.230.9988

Vancouver Island

Victoria – Toll free: 1.866.519.5550

Nanaimo – Phone: 250.729.8869

The above information is general in nature and is not legal or tax advice. We can help you realize your wish to support cancer research and care in British Columbia by working with you and your financial and legal professional advisors.

Please note:

* For more information about including a provision in your will to address capital gain issues for a gift of securities, please see the BC Cancer Foundation's *Making a Gift Through your Will* information sheet.