GIFTS OF REAL ESTATE

A gift of real estate enables you to create a meaningful legacy gift with Foothills Country Hospice Society (FCHS) while also providing significant tax advantages. There are a variety of opportunities for gifting unmortgaged property including personal residences, vacation homes, rental properties, farmland and commercially developed land.

You may choose to give real estate outright and receive an immediate tax credit or retain the use of the property during your lifetime and make a planned gift to Foothills Country Hospice Society creating positive estate tax advantages.

Donation Process:

- You identify real estate property to donate; an appraisal will help establish its estimated market value. Note, fair market value limitations may apply.
- We assess the real estate for compliance with our acceptance policies and gather appropriate documentation including a separate appraisal and, where appropriate, environmental assessment.
- Your gift qualifies for a receipt for tax purposes based on the agreed fair market value and FCHS handles the administrative details.
- Your gift is made for the benefit of **Foothills Country Hospice Society (Charitable No. 861441053RR0001)**.

To qualify for a receipt for tax purposes, the transfer of property must be irrevocable, voluntary and without material benefit to you, the donor. FCHS may not accept gifts of property that result in ongoing obligations for the organization or that are not readily convertible to cash. Making gifts of real estate involves additional costs such as appraisals, tax and legal advice, and other expenses related to the gift.

Donors are advised to discuss proposed gifts with their heirs, and professional advisors before any costs are incurred.

A gift of real estate can realize important tax and income benefits.

Considering a gift of real estate. Please contact ***Shanon Maksymich, Fund Development Officer at funddevelopment@countryhospice.org or 403.995.4673.***

Example (Extracted from Community Foundations of Canada resources)

Mr. and Mrs. Marconi rarely use the cottage they purchased thirty years ago for $60,000. They had considered selling it but decided instead to contribute it to FCHS. An appraisal of the property determines its current fair market value to be $300,000. Their net income from other sources is $150,000 per year, and both their combined tax rate and their combined tax credit are assumed to be 48 per cent.

Tax on Gain

Capital gain recognized ($300,000 - $60,000)	$240,000
Taxable gain (50% of $240,000)	120,000
Tax on gain ($120,000 x 48%)	57,600

Tax Credit

Donation receipt	300,000
Tax credit ($300,000 x 48%)	144,000

Net Tax Savings

Tax credit	144,000
Tax on gain	-57,600
Net Tax Savings	**$ 86,400**

Gifts of Real Estate: Farms and Privately owned businesses

There is a capital gain exemption for sales and gifts of Qualified Small Business Corporation (QSBC) shares, qualified farm property, and qualified fishing property. The exemption can flow through partnerships, trusts, and certain other investment vehicles. It is available to individuals while resident in Canada but not to non-resident persons.

To qualify, farm property must have been used in the course of carrying on the business of farming in Canada: by the individual or a member of his or her immediate family, and the QSBC shares must be in a corporation incorporated or resident in Canada, which is not controlled directly or indirectly, by one or more non-resident persons, or one or more public corporations.

Note, the gain in respect to the disposition of one's principal residence continues to be exempt from taxation.

NOTE: The purpose of this Fact Sheet is to provide general information, not to render legal or financial advice. Any changes in the tax structure may affect the examples listed in this information. FCHS strongly recommends that a donor consult their own professional advisors, family, and heirs prior to making any significant gift decisions.

Gifts of Capital Property (extracted from the CRA Website)

Capital property includes depreciable property, and any property that, if sold, would result in a capital gain or a capital loss. Capital property does **not** include the trading assets of a business, such as inventory.

The following properties are generally capital properties:

- cottages
- securities, such as stocks, bonds, and units of a mutual fund trust
- land, buildings, and equipment you use in a business or a rental operation

Note: All references to fair market value (FMV) in this section are subject to the deemed FMV rules as per Canada Revenue Agency.

If you donate capital property, the CRA considers you to have disposed of that property for proceeds **equal** to the FMV of the property. You must report any capital gain on your income tax and benefit return in the year you donated the property. In some cases, you may be able to claim a capital loss in the year you donated the property.

However, if you make a gift of capital property to a registered charity or other qualified donee such as Canada or one of its provinces or territories, and the FMV of the donated capital property, otherwise determined, is **more** than its adjusted cost base (ACB), you may designate an amount that is **less** than the FMV to be the proceeds of disposition. This may allow you to reduce the capital gain otherwise calculated.

The amount that you may choose to designate in respect of the donation **cannot be greater than** the FMV and **not less** than the greater of:

- any **advantage** in respect of the gift
- the ACB of the property (or, if the property was depreciable property, the lesser of its ACB and the undepreciated capital cost of the class of the property)

Use the amount you choose as the proceeds of disposition when you calculate any capital gain. Also use this amount to determine the **eligible amount** of the gift, which you need to calculate the tax credit.

If, when you made the donation, the FMV was **less** than the ACB, the proceeds of disposition must equal the FMV of the donated property. This amount will be used to calculate any capital loss on the disposition of a non-depreciable capital property and the **eligible amount** of the gift, which you need to calculate the tax credit.

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