

EXAMPLE OF A DONATION TO YANA OF SECURITIES:

Mrs. Smith wishes to make a donation of \$100,000 in shares to YANA. The shares originally cost her \$20,000. She is unsure if she should sell the shares and donate the cash or donate the shares.

Sells shares and gifts cash to YANA

1. Sells shares valued at \$100,000 and gives cash to YANA
2. Based on original purchase price she realizes \$80,000 in capital gains
3. 50% of capital gains are taxable = \$40,000
4. Taxes payable (assuming highest tax rate in BC of 43.7%) = \$17,480
5. She gets a tax credit for gift to YANA (43.7% of gift amount) = \$43,700
6. Results in tax savings of \$26,220 (-\$17,480 + \$43,700)
7. Net cost of her gift to YANA is \$100,000 - \$26,220 = \$73,780

Gift shares to YANA

1. YANA gets shares valued at \$100,000 and sells them for the cash
2. Based on original purchase price she realizes \$80,000 in capital gains
3. Taxes on capital gains from shares given to charities = \$0
4. Taxes payable \$0
5. She gets a tax credit for gift to YANA (43.7% of gift amount) = \$43,700
6. Results in tax savings of \$43,700 (-\$0 + \$43,700)
7. Net cost of her gift to YANA is \$100,000 - \$43,700 = \$56,300



	Sells shares and gifts cash to YANA	Gift shares to YANA
Value of the gift	\$100,000	\$100,000
Taxable capital gain (50% of \$80,000 gain)	\$40,000	\$0
Taxes on gain (highest MTR in BC 43.7%)	(\$17,480)	\$0
Tax credit for gift (43.7%)	\$43,700	\$43,700
Tax savings	\$26,220	\$43,700
Cost of gift	\$73,780	\$56,300
By donating the shares the after tax cost to her of the gift is reduced by \$17,480!		

It is much better for Mrs. Smith to donate the shares rather than sell them and make a cash gift.

For more information on this contact your financial advisor or go to [CanadaHelps](http://CanadaHelps.org)

