



DONATING GIFTS OF SECURITIES TO DALHOUSIE UNIVERSITY

Making a gift of publicly traded securities or mutual funds to a registered charity is a smart and tax-effective alternative to a donation of cash. Normally, the disposition of a share will result in a capital gain where the fair market value of the share at the time of disposition exceeds its original purchase price. However, if the securities are donated directly to a charity, capital gains tax is fully exempt and a charitable tax receipt will be issued for the full value of the gift. The tax receipt reflects the value of the securities when received in Dalhousie's account.

Below is an example of the tax benefits by gifting securities (based on the donor being taxed at a top marginal rate of 46%):

Item by securities	Sale of securities and cash donation	Donation
A Value of shares/donation	\$25,000	\$25,000
B Cost base of shares	\$10,000	\$10,000
C Capital gain (A – B)	\$15,000	\$15,000
D Capital gain inclusion rate	50%	0%
E Taxable capital gain (C x D)	\$7,500	\$ nil
F Tax on taxable capital gain (E x 46%)	\$3,450	\$ nil
G Donation tax credit (A x 46%)	\$11,500	\$11,500
H Net tax savings (G-F)	\$8,050	\$11,500
I Net after-tax cost of donation (A-H)	\$16,950	\$13,500
