

# ROYAL BC MUSEUM

## FOUNDATION

### Gifts of Publicly Listed Securities

#### **Overview**

If you own publicly listed securities, you may wish to consider donating the securities directly to the Royal BC Museum Foundation. Publicly listed securities include shares, bonds and mutual fund units.

The Canada Revenue Agency does not tax capital gains generated from the sale of publicly listed securities, if those securities are donated to a registered charity prior to sale. In addition, donors will receive a charitable tax receipt for the full market value of the securities, which can be used to further reduce income tax payable. Donating securities directly to the Foundation provides donors with a greater tax advantage than selling the securities and donating the cash directly. The tax advantages are discussed in greater detail below along with an illustrative example.

#### **Donation Process**

1. Please contact the Development Department at the Royal BC Museum to advise us of your intention to make a gift. Please let us know the type of security to be donated, the number of securities, when you intend to make your gift, and to what you would like to designate your gift (e.g. the Area of Greatest Need Fund).

Contact: Jonathan Dallison  
Head of Fundraising and Development  
Royal BC Museum  
Telephone number: 250-413-7756  
Fax number: 250-387-0102  
[jdallison@royalbcmuseum.bc.ca](mailto:jdallison@royalbcmuseum.bc.ca)

2. Please complete the attached form and fax, email or mail it to Jonathan Dallison.
3. **Instruct your broker to complete the transfer. Send a copy of the attached form to your broker for his or her records and also ask the broker to email us at [jdallison@royalbcmuseum.bc.ca](mailto:jdallison@royalbcmuseum.bc.ca) when the transfer is complete.**
4. We will confirm that the transfer has taken place and mail you a charitable tax receipt and a letter confirming the donation has been completed! The amount indicated on the charitable tax receipt will be based on the closing market value of the securities on the date received into our brokerage account.

#### **Charitable Donation Receipt**

A charitable donation receipt will be issued for the donation amount equal to the closing market price on the date they are received. The donor may claim this amount on their annual income tax return and a tax credit will be calculated and applied against any income taxes owing. If the tax credit is unable to be used in the current year, the donor may carry it forward for up to five years.

### **Income Tax on Capital Gains**

If publicly listed securities are sold by an individual and the securities have not been donated to a registered charity, 50% of the capital gain (“the taxable portion”) is included in the taxable income of the seller. Loosely stated, the capital gain is the amount by which the securities have appreciated since they were originally purchased. Tax is paid on the taxable portion of the capital gain at the same rate as any other income earned by the taxpayer.

However, if the securities are donated to a registered charity, such as the Royal BC Museum Foundation, none of the capital gain is included in the taxable income of the seller, and as such, no income tax is paid by the seller on the capital gain. Please note that the income inclusion rate will be reduced to zero **only if** the securities are transferred in kind to the charity. The tax exemption does not apply if the securities are sold first and the cash proceeds are donated.

### **Illustrative Example**

Mrs. Jones would like to donate \$10,000 to the Royal BC Museum Foundation. Mrs. Jones owns publicly listed corporation shares worth \$10,000 which she originally purchased for \$2,000. Mrs. Jones is in the 45% income tax bracket and this year she has made other charitable donations exceeding \$200. Mrs. Jones lives in British Columbia where the tax credit for charitable donations over \$200 is 43.7%.

If Mrs. Jones donates the shares directly to the Royal BC Museum Foundation, she will reduce her income tax payable by \$4,370. If she sells the shares first and donates the proceeds, she will reduce her income tax payable by \$2,570. Therefore, Mrs. Jones will reduce her tax payable by \$1,800 if she donates the shares directly.

	<b>Sell Shares and Donate Cash Proceeds</b>	<b>Donate Shares Directly</b>
<b>1. Capital Gain</b>		
Fair market value of shares	\$ 10,000	\$ 10,000
Purchase price of shares	<u>2,000</u>	<u>2,000</u>
Capital gain	\$ 8,000	\$ 8,000
Taxable portion of the gain	\$ 4,000	0
Tax payable on the gain (45%) <b>(A)</b>	\$ 1,800	0
<b>2. Charitable Donation</b>		
Donation Receipt Value	\$ 10,000	\$ 10,000
Tax credit for donation (43.7%) <b>(B)</b>	\$ 4,370	\$ 4,370
<b>3. Net Tax Savings (B – A)</b>	\$2,570	\$4,370

**Note:** *Income tax and tax savings are approximate. The above information is general in nature and is not legal or tax advice. We can help you realize your wish to support the Royal BC Museum Foundation by working with you and your financial and legal professional advisors. We recommend you discuss your gift intentions with your financial, legal or tax advisor.*

***Donations of Securities is an Act of Generosity***

It is important to note that donations of securities are still an act of generosity regardless of the tax advantages. In each and every case, the donor would be financially better off by selling the securities for cash and retaining the funds for personal spending or investment. The tax credit and elimination of tax on the capital gains are not sufficient to fully offset the value of the securities. These tax incentives have been provided by the federal and provincial governments to reduce the personal financial burden of giving and encourage greater contributions to charities.

***The Royal BC Museum Foundation is sincerely grateful for your gift of securities***

# ROYAL BC MUSEUM FOUNDATION

## GIFTS OF PUBLICLY LISTED SECURITIES TO BE COMPLETED BY DONOR

Name: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

**PLEASE DESIGNATE MY GIFT TO THE AREA OF GREATEST NEED FUND**

(for other options, please consult with Jonathan Dallison, Head of Fundraising and Development,  
at 250-413-7756 or [jdallison@royalbcmuseum.bc.ca](mailto:jdallison@royalbcmuseum.bc.ca))

Name of Security to be transferred:

\_\_\_\_\_

Number of Shares/Units of security to be transferred: \_\_\_\_\_

Approx. value per Share/Unit \$ \_\_\_\_\_

Approximate total value of gift: \$ \_\_\_\_\_

Date Shares to be transferred: \_\_\_\_\_

Financial Advisor/Broker: \_\_\_\_\_

Contact for Financial Advisor: Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**I/We hereby authorize the transfer of these securities to the Royal BC Museum Foundation. I/We** acknowledge that I/we have read the Royal BC Museum Foundation's Procedure of Receipt and Valuation for Gifts of Publicly Listed Securities included with this form. This gift of securities is irrevocable. I/We understand that I/we will be issued a tax receipt for the closing value of the shares/units on the date they are received into the brokerage account of the Royal BC Museum Foundation and that to receive a charitable tax receipt for the current tax year the securities must be received in the Foundation's account at the Foundation's Brokerage firm on or by December 31, and that the Foundation is not responsible if the securities are not received in its account by this date.

**Donor Signature:** \_\_\_\_\_

**Donor Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Note:** *The date that a security is received by the Foundation may impact the value of the charitable tax receipt issued for the gift. This transaction should be carried out as quickly as possible.*

**The Royal BC Museum Foundation – Brokerage Account**

Please transfer the security/securities by electronic transfer or in negotiable form to:

**Royal BC Museum Foundation Account # 548-40485 (Charitable # 118933241RR0001)**

c/o Scotia I-Trade

Attention: Operations Department

PO Box 4002

Station A

Toronto, Ontario M5W 0G4

Phone: 1-800-263-3430 Fax: 1-800-569-9470

Email: [service@scotiaitrade.com](mailto:service@scotiaitrade.com)

**For Mutual Funds**, specifically, it is also recommended that a Letter of Direction marked “urgent” be issued to Scotia iTrade in order to expedite the transfer. This should include the name of the mutual fund, the number of units, as well as the name and account number of the donor. Have this letter signed, dated and faxed to 416-863-7518.

**PLEASE NOTIFY THE ROYAL BC MUSEUM of your transfer at:**

[jdallison@royalbcmuseum.bc.ca](mailto:jdallison@royalbcmuseum.bc.ca)

Delivery should be made to: **Scotia I-Trade CUID # SCOT**