

## A new tax break when you donate securities to charity.

Recent tax changes have made it even more attractive to donate publicly traded securities to a charitable cause that's important to you.

Under the old rules, when you donated securities to charity, it was deemed a disposition for tax purposes. That meant that any appreciation in the value of the securities from the date you acquired them to the date they were donated was treated as a taxable capital gain.

However, in the 2006 federal budget, this rule was changed to provide a significant tax break for charitable donors. You may now donate stocks, bonds, or mutual funds to a registered charity without paying any tax on the capital gain.

As a donor, these tax savings may increase the amount you can afford to give, or simply reduce the out-of-pocket expense of your gift.

### Significant tax savings

The following table compares the tax consequences of selling a security and realizing a capital gain, versus donating the same security to a charity.

	<b>Sell Security</b>	<b>Donate Security</b>
<b>Market Value of security</b>	\$100,000	\$100,000
<b>Adjusted Cost Base of security</b>	\$50,000	\$50,000
<b>Taxable portion of capital gain (50%)</b>	\$25,000	\$0
<b>Tax on capital gain*</b>	\$11,603	\$0
<b>Charitable donation/tax receipt</b>	N/A	\$100,000

<b>Charitable tax credit*</b>	N/A	\$48,250
<b>Net Proceeds</b>	\$88,398	<b>\$48,250</b>

\*Based on Nova Scotia's top marginal tax rate of 48.25%

In this example, making a donation of securities allowed the investor to avoid \$11,603 in capital gains tax in addition to receiving a \$48,250 charitable tax credit. On an after-tax basis, when you factor in both the tax credit and the capital gains savings, this \$100,000 gift to charity cost the investor only \$40,147. It is now possible for you to donate shares and receive a charitable tax receipt equal to their market value, without triggering any capital gains tax. Thanks to this new tax legislation, it's never been more affordable to show your generosity.