

Gift of Publicly Traded Securities by a Corporation



The Most Tax-Efficient Way to Make Charitable Donations

Donating publicly traded securities (stocks, bonds and mutual funds) is the most tax-efficient way to make charitable donations. When publicly traded securities are donated “in-kind” to a Canadian charity like Abundance Canada, the capital gains inclusion rate drops from 50% to 0%.

If you donate the securities from within your corporation, you will realize an additional benefit; the tax-free portion of the capital gain is added to your corporation’s Capital Dividend Account (CDA).

When a corporation donates publicly traded securities, the entire capital gain is tax-free, so 100% of the capital gain is added to the CDA. A positive balance in the CDA can be paid out to shareholders as a tax-free dividend.

Example of the Tax Advantage for a Donation of Securities to Charity by a Corporation

	Sell Securities and Donate Cash	Donate Securities as Gift In-Kind
Donation to Charity	\$50,000	\$50,000
Adjusted Cost Base	(\$10,000)	(\$10,000)
Capital Gain	\$40,000	\$40,000
Taxable Capital Gain	\$20,000 (50%)	\$0 (0%)
Increase in the CDA	\$20,000 (50%)	\$40,000 (100%)

Tax Planning Tips:

- + Eliminate the taxable capital gain on the donated securities.
- + Receive a donation receipt based on the fair market value of the securities on the day you initiate the transfer to Abundance Canada.
- + 100% of the capital gain is added to the CDA.

Next Steps

Established in 1974, Abundance Canada envisions a world where everyone lives generously, because we believe *generosity changes everything™*. To learn more about donating publicly traded securities from your corporation, contact Abundance Canada at **1.800.772.3257** to speak with a gift planning consultant. All consultations are confidential, with no obligations.



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