



Gifts of Real Estate

Real estate (including homes, cottages, vacation properties, investment properties and farmland), is the single largest asset held by many Canadians. Over the past several years its rate of appreciation has far surpassed all other asset classes. This has left many concerned over the taxes which must be paid when the property is sold (or when the owner passes away).

Fortunately, the generous charitable giving tax rules make real estate both an excellent way of leaving a much larger gift than you otherwise thought possible, sometimes eliminating the tax bill attached to the property (and potentially the other assets in your estate), all without affecting your present lifestyle.

When real estate is donated to the Health Sciences Centre Foundation Inc., a charitable donation tax receipt is issued based on the appraised current market value of the property. For properties having significant values, the tax savings can result in more being left to their loved ones and less to the government in the form of taxes. For example, the charitable tax credit resulting from the donation of a cottage having an appraised value of \$400,000 and a cost base (for tax purposes) of \$180,000 will not only offset the taxes payable of \$51,000 (calculated using the combined tax rate in Manitoba of 46.4% along with a 50% capital gain inclusion rate) on the cottage, the donation will result in an additional tax savings of \$134,600. This can effectively be used to reduce or eliminate taxes associated with other assets (including registered retirement savings plans) that have a significant tax bill attached to them.

The lifetime donation of real estate often makes sense for donors who wish to simplify their estate, eliminate the responsibilities associated with the ownership of real estate (e.g. property taxes, maintenance) while having the satisfaction of seeing their gift at work now.

Through a gift of a life or residual interest, donors can continue to enjoy their property during their lifetime while still receiving a receipt now. Furthermore, donors desiring tax relief from the capital gains triggered on the sale of an income property and a tax-friendly (or even tax-free) lifetime source of income, may want to consider the purchase of a charitable gift annuity in conjunction with their donation. The Health Sciences Centre Foundation Inc. also welcomes the donation of land by business owners (including family farms), who wish to reduce their costs while increasing the impact of their donation.

Note: Please note that these gifts require Health Sciences Centre Foundation Inc. approval in advance of acceptance. With limited exceptions, gifts of property to the Health Sciences Centre Foundation Inc. will be sold. If you are considering the donation of property, it is recommended that you also consult your professional advisor to make sure that all available tax benefits are fully used.

Please help us to make a difference in the lives of others. Please call (204) 515-5612 to speak to us today about the benefits of donating real estate.

Legal Name: Health Sciences Centre Foundation Inc.
Charitable Business #: 11895 5012 RR0001

Thank you for considering how you can leave a legacy through the Health Sciences Centre Foundation Inc..

This material provides general information and is not intended to constitute or replace specific professional advice. Donors considering a legacy gift should speak to an advisor with appropriate tax and other expertise to implement a strategy that achieves their objectives.