

An example:

A family has looked after a property for 30 years with forest, a stream and farmland they rent out to a local farmer.

They decide to donate the rear 60 acres to a conservation organization and to place a conservation agreement on the farmable 40 acres with the house, barn and woodlot.

1. The conservation organization hires an appraiser with AACI credentials to value the property. The appraiser determines that the rear 60 acres is worth \$300,000 and the front 40 acre agreement is worth a further \$80,000.
2. The Conservation organization asks Environment Canada to certify both the appraised value of the front and rear portions.
3. The conservation organization applies to Environment Canada to certify the ecological sensitivity of each portion and provides evidence of the sensitivity.
4. Environment Canada certifies both the values and the sensitivity.
5. The conservation organization and owner apply to the municipality for the severance, which is granted after several months.
6. The Conservation organization obtains a survey of the new parcel at the rear of the property
7. The donor's lawyer prepares transfer deeds for the parcels.
8. The conservation organization prepares a tax receipt for \$340,000 the donor family (\$170,000 to each)
9. The transfer is registered on title and the receipts given to the family.
10. The donors accountant suggests that the donors use the receipts as follows:
 - a) The husband apply \$50,000 against current year earned income (saving 46% or **\$23,200**)
 - b) The wife apply \$30,000 against current year earned income (saving **\$12,000**)
 - c) The husband withdraw \$100,000 from his RRSP, saving **\$46,300**. Continued

Savings continued.....

d) Setting aside \$200,000 next year when they transfer their son, thus saving the transfer of (\$500,000 - \$200,000@46.4% or

Altogether they saved **\$174,300**

Note: The family saved a further capital gain that would have been the entire property or transferred it

Total savings: **\$243,900**

Next year they saved \$750



Your tax receipt



Your savings

Contact: Bob Barnett
Escarpment Biosphere Conservancy
rbarnett@escarpment.ca
www.escarpment.ca
1-888-815-9575

Saving you 40-46%

Every Canadian taxpayer saves at least 40%.

Fill out the deductions page and note that, after the first \$200 in charitable donations, you get a credit of 29% for every dollar donated.

Follow the bouncing ball to the place where you calculate your tax:

Here you deduct that 29% from your taxable income.

Some taxpayers pay a surcharge based on higher earnings which raises that deduction to 33%

Follow the trail even further to where you calculate your Ontario taxes. Here your savings are a further 11%.

Including surcharges, you could save as much as 46.4%



Finding taxable income

The trick with saving taxes is to use your receipt against:

- your highest marginal taxable income
- your lifetime income
- your family income

Here are some pointers to that income:

You can apply your tax receipt against:

1. up to **75% of earned income** if the tax receipt is for an ecogift.
2. **income in any of the ten years** following and including the year of donation
3. **Capital gains tax** on property transfer, possibly to your children or upon sale
4. RRSP income, which you have to pay anyway when you reach 71 years old
5. Spousal income (share your receipt)



EcoGift

Protect your donation

If you are donating ecologically sensitive property which includes not only

- the habitat of rare species or
- Land within designated conservation zones like “environmentally sensitive” land in your local zoning bylaw

But also land which

- is managed for wildlife habitat or
- can be restored to good habitat

You can apply for

Environment Canada to

- Certify your land as environmentally sensitive
- Certify your appraised value as correct

And then

- Your receipt cannot be challenged by Canada Revenue Agency
- You are exempt from capital gain taxes on the donated portion or value
- You can apply your donation on up to 75% of your income