



# DONATING COMPANY SHARES OR OTHER SECURITIES

Donating shares (or other securities such as bonds, mutual fund units or stock purchase options) can be beneficial for a donor who wants to make a donation to the Montréal Sacré-Cœur Hospital Foundation (the Foundation), without touching their liquid assets.

- It is particularly interesting to make a donation of shares in the case of stocks or securities whose values have significantly increased because the capital gain realized from the increase in share price will be fully exempt from taxes (regulation in effect since 2006). This rule applies as long as the shares are donated directly to the Foundation and not sold and the cash then used to donate to the Foundation;
- The shares or securities can be donated immediately or through a bequest;
- When the donation is made while the donor is alive, it gives the right to an income tax receipt equal to the market value of the shares donated. The value is established on the basis of the closing price on the date of the electronic receipt of the negotiable securities by the Foundation's broker;
- Up until December 31, 2015, when shares were donated via a bequest, the market value was established based on the stock trading the day before the death of the donor. This rule changed on January 1, 2016, after which, when a donation is made according to a will, the value of the shares is established at the time they are transmitted to the Foundation, which may be months, even years after the death of the donor. This tax credit for a charitable donation may be allocated among the year of the donation and the five following years (in some cases, it will also be possible to use the credit for the deceased's last two taxable years).

## Procedures to follow

This type of donation is generally done by electronic transfer. It is easy to do, both for the donor and the Foundation. We have created a share donation form, a copy of which is attached as an appendix. It indicates the information required to make such a donation. The form is also available via our internet site, under the "planned giving" tab.

## Bequeathal in the form of shares or securities

In the case of shares of companies listed on the stock exchange (or other securities), it is very important to specify which shares you are leaving to the Foundation. Without this information, the Executor may not necessarily have the latitude to choose which shares to donate among the ones that you own. Here is a model clause you could use:

"I give (or I bequeath) to the Montréal Sacré-Cœur Hospital Foundation, a charitable organization duly registered with the Canada Revenue Agency under the number 118921584-RR0001, or its legal successor, xxx shares of the ABCD company."

Or, "I bequeath shares in the ABCD company for a value of \$\_\_\_\_\_ as established at market closure at the time they are transferred to the Foundation."

## Example of donating shares

You donate to the Foundation company shares that you purchased at a total price of \$50,000, i.e. the Adjusted Cost Base (ACB). On the day of the donation, the shares were worth \$100,000, i.e. the Fair Market Value (FMV). The following table compares the fiscal impact of choosing to sell shares and donate the proceeds of this sale to directly donating the shares to the Foundation.

	Sale of shares followed by cash donation	Donation of shares
Fair Market Value at the time of donation (FMV)	\$100,000	\$100,000
Share price at the time shares were purchased (or ACB)	\$50,000	\$50,000
Capital gains (FMV-ACB)	\$50,000	\$50,000
Taxable capital gain (50% of \$50,000)	\$25,000	\$0
Tax payable (50% x \$25,000) <sup>1</sup>	\$12,500	\$0
<b>Real cost of the donation for the donor</b>	<b>Sale of shares followed by cash donation</b>	<b>Donation of shares</b>
Value of the donation received by the Foundation, i.e. receipt value	\$100,000	\$100,000
Tax relief (or income tax credit) for the Donor (48.2%)	(\$48,200)	(\$48,200)
Tax payable	\$12,500	\$0
<b>Real cost of \$100,000 donation</b>	<b>\$64,500</b>	<b>\$51,800</b>



MONTRÉAL  
SACRÉ-CŒUR  
HOSPITAL  
FOUNDATION

If you would like additional information or explanations about planned giving, please contact the Foundation Major and Giving Donation Director

Me. Marie-Claude Tellier  
514-338-2303, ext. 3

or via email at:  
[marie-claude.tellier.hsc@ssss.gouv.qc.ca](mailto:marie-claude.tellier.hsc@ssss.gouv.qc.ca)

Or simply come see us at the Foundation.

You can also look at the Foundation website:  
<http://www.fondationhscm.org/>  
and click on the "dons planifiés" tab.

"This text, as well as the example presented should not be considered as tax or legal advice. The context and fiscal impact of each donation may vary significantly, depending on someone's situation. That is why it is highly recommended to consult with specialists about the rules and tax rates applicable to your situation."

<sup>1</sup> We are using the combined marginal rate applicable with a taxable income between \$140,000 and \$200,000. For taxable income above \$200,000, this rate would be 53.3% in 2016. If the taxable income is less than \$140,000, please consult tax tables.