

Ecological Gifts

John Mitchell



Canadians donating ecologically sensitive land



EthanMeleg.com

Create a legacy and receive a tax break today

Many Canadians who own ecologically sensitive land have no guarantee that the piece of nature they have cherished for years will be cared for in the future. Through the Ecological Gifts Program, landowners can protect their land, create a legacy, and at the same time may receive a substantial income tax benefit.

Since 1995, Canada's Ecological Gifts Program has helped donors and recipients of land ensure that their legacy is protected in perpetuity by certifying land donations as ecological gifts. Private and corporate landowners who donate a conservation easement or full title to their land through the program can receive a donation receipt for the value of the gift which can be used against 100 per cent of their annual income. The unused portion of this receipt can be carried forward up to five subsequent years. And only 25 per cent of the value of capital gains is included in the donor's taxable income.

The process is simple. In Ontario, Environment Canada certifies the ecological sensitivity of the land donation, the fair market value of the donation and that the recipient of the land donation is qualified. The donation is then considered an ecological gift or "ecogift" under the *Income Tax Act* and qualifies for the benefits noted above.

With the donation certified as an ecological gift, the donor knows the land is going to a qualified recipient, and can be confident that the donation value for tax purposes has been reviewed and certified by the federal government.

Please note: The tax benefits of making an ecological gift will vary with each donor's circumstances. All donors should seek independent income tax advice.

Who receives the land?

The donor can choose to donate land, or an interest in land – such as a conservation easement – to the Crown, an incorporated municipality or qualified charitable conservation organization.

Most donations in Ontario are received by non-government organizations such as local land trusts, Conservation Authorities, and national or provincial conservation groups. There are approximately 60 such listed organizations in Ontario. Contact the Ontario Ecological Gifts office for the list or visit the website at: www.on.ec.gc.ca/ ecogifts. If potential donors wish to give an ecogift to an unlisted group, then that group must write to Environment Canada to request eligibility.

Land donations to the Crown can be made to agencies such as Parks Canada, Canadian Wildlife Service, Ontario Heritage Foundation and the Ontario Ministry of Natural Resources.



Lesley Dunn

Lands that qualify as ecogifts

A wide range of land qualifies. If the wildlife, woods, wetlands, prairie, or shoreline habitat on a property have been conserved in a natural state, or there is great potential to rehabilitate such features, then the landowner should consider contacting a potential recipient or Environment Canada. A list of the types of land that qualify is available from the Ecological Gifts office and website. The land must meet at least one of 30 criteria established for Ontario and the donation must protect the natural features of the land, including those that meet the criteria. Criteria vary from lands designated nationally or provincially significant to areas providing local wildlife habitat or an ecological link in the landscape.

Donation options – putting control in donors' hands

The conservation options now available – title donation, conservation easements, and covenants – mean individuals or corporations can make donations that suit both donor and recipient needs and give both some control. Making a

donation of property does not necessarily mean severing the connection donors and their families have with the land. In some cases, a donor may arrange an agreement to continue to live on the donated land. And, in the case of conservation easements, the donor retains ownership of the property.

The Ecological Gifts Program Canadians Donating Ecologically Sensitive Land

Much of Ontario's natural heritage has been protected through the stewardship and resolve of private and corporate landowners. The Ecological Gifts Program recognizes this contribution. In Ontario, the program provides information and guidance regarding how to make ecological gifts – certified donations of land that will be protected in perpetuity.

- Nearly half of the ecological gifts made in Ontario protect species that are endangered, vulnerable or of special concern.
- Over half of Ontario ecogifts contain wetland habitat, including Great Lakes coastal wetlands.
- Ontario ecogifts contain a wide range of imperiled and rare habitats, such as prairies, alvars, cliff ecosystems, dunes and older growth woodlands.
- The estimated value of Ontario ecogifts to date is over \$25 million.

The process

Donating land and certifying the donation as an ecogift are two separate processes that usually occur concurrently. The donation may be certified as an ecogift after it has been made but typically the certification process starts when the landowner begins the donation process. While there are specific guidelines for items such as the appraisal of a donation's fair market value, information required by Environment Canada is usually the same information required by the recipient for the donation.

Paperwork and cost

The donor may apply for certification directly, but usually the recipient prepares all required documentation on behalf of the donor. There is no fee to certify land as an ecogift, but there are costs related to donating land and to certifying its ecological significance and donation value, such as surveys, appraisals and legal costs. Deciding who pays may be a matter of policy for the recipient or may be negotiable.

Donation options outside the Ecological Gifts Program

Uncertified land may be donated and a charitable donation receipt may be issued. The donation would be treated as a gift of capital property and would not qualify for the same income tax benefits.



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Easy steps

- 1 Contact a recipient and describe the land, discuss conservation goals and review land securement options.
- 2 Obtain independent financial and legal advice regarding the implications of a donation. Donors should retain a lawyer to handle any land transfer matters.
- 3 Initiate the donation process with the recipient.
- 4 Send information to Environment Canada to determine if the land is ecologically sensitive. A *Certificate for Donation of Ecologically Sensitive Land* is issued.
- 5 Submit three original copies of an appraisal of the fair market value of the donation along with a signed *Application for Appraisal Review and Determination*. The appraiser should follow

Canada

the program's most recent *Guidelines for Appraisals*. Once reviewed, donors receive notice of Environment Canada's determination of the fair market value of the gift.

When the donation transaction is complete the donor receives a *Statement of Fair Market Value* from Environment Canada and a donation receipt from the recipient. These items, combined with the *Certificate for Donation of Ecologically Sensitive Land*, will allow the donor to claim any associated full tax benefits.

Ecological Gifts Program staff are available to help at any time before or during the process. Enjoy the benefits of the Ecological Gifts Program and join other Canadians safeguarding the future of our country's rich natural heritage.

Talk to us about ecogifts or land donation options

**Ecological Gifts Program
Canadian Wildlife Service
Environment Canada
Ontario Region
4905 Dufferin Street
Downsview, ON M3H 5T4
Tel: (416) 739-4286
Email:
Ecogifts.Ontario@ec.gc.ca**

Visit the national ecogifts website for more detailed information about the Ecological Gifts Program and links to other references.
Website:
www.cws-scf.ec.gc.ca/ecogifts

Taxes: General

Canada Customs and Revenue Agency (CCRA)
Tel: 1-800-267-2384
Website: www.ccra-adrc.gc.ca

CCRA. 2002. Gifts and Income Tax. Canada Customs and Revenue Agency. (P113)
To access this publication, contact CCRA or view on-line: www.ccra-adrc.gc.ca/formspubs/menu-e.html

Property tax

Conservation Land Tax Incentive Program (CLTIP) Ontario
Website: www.mnr.gov.on.ca/mnr/cltip/about.html

Managed Forest Tax Incentive Program (MFTIP)
Website: <http://ontariosforests.mnr.gov.on.ca/mftip.cfm>

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Visit the Ontario Region ecogifts website: www.on.ec.gc.ca/ecogifts