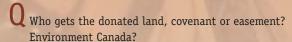
Ecological Gifts: Answers to Donors' Questions

Q I want to donate but don't know where to start – where can I get help?

A Potential donors can contact staff from the Ecological Gifts Program (see contact information below) or talk to a recipient organization that may potentially receive the donation. It is very important to find a recipient who you trust and feel comfortable with – you will be working with them through the entire donation process and ultimately entrusting them with your land, or an interest in your land. It is also advisable to get independent legal and financial advice about land donations and making a donation through the Ecological Gifts Program.



A The donor may choose to give the land, or an interest in land, to the federal or provincial Crown, an incorporated municipality or a qualified registered charity. Environment Canada certifies ecological gifts and as a federal agency, may also be a recipient. Environment Canada maintains a list of conservation charities qualified as ecological gift or 'ecogift' recipients, available at www.cws-scf.ec.gc.ca/ecogifts, or contact Environment Canada staff at 416 739-4286 for a copy of the list. To qualify, a registered charity's purposes must include the conservation and protection of environmental heritage or a similar statement of intent and it must file an application to be qualified with Environment Canada showing its capacity to receive such gifts.

Q Do I apply to have my donation certified as an ecological gift before or after I make my gift?

A Either – most donors simultaneously pursue their donation and certification of the donation as an ecological gift.





Fowler's Toac

Do I have to make my donation through the Ecological Gifts Program?

A No, you can still donate land and receive a donation receipt but Environment Canada does not certify the value of the donation. Also, donors may not claim the enhanced tax benefits that would be available if their donation was an ecological gift. Non-ecogifts are usually referred to simply as donations of capital property.

Q I don't know if my land is ecologically sensitive. How do I find out?

A Consult the criteria for Ontario on the Ontario Region Ecogifts website at www.on.ec.gc.ca/ecogifts, or contact Environment Canada for a copy of the criteria. If you are contemplating a donation, contact a recipient organization; they can help answer questions about this and many other topics.

Who issues the donation receipt? How do I get the income tax benefits if I get my donation certified as an ecogift?

A The recipient issues the donation receipt. The donor enters the value of the donation from the receipt (or a portion of the value that they wish to use if spreading the donation over multiple years) on the appropriate line of his or her income tax return. He or she then submits the return with the donation receipt and the Certificate for Donation of Ecologically Sensitive Land and Statement of Fair Market Value as issued by Environment Canada.

What income tax benefit do I get?

A Every case is different – seek professional advice. Federally, your personal income tax credit against taxes owing as a private citizen (corporate donors are eligible for a tax deduction rather than a credit) is calculated as 16 percent of the first \$200 donated and 29 percent of the balance of the donation. Different percentages are used to calculate the provincial income tax benefit. Note that capital gains apply to donations of land – see capital gains on conservation easements below.

What is a conservation easement?

A conservation easement is an agreement between a conservation body (the easement holder) and the landowner, with restrictions and/or allowances regarding land use (covenants) and an allowance for the easement holder to inspect the property to ensure compliance (the 'easement'). The agreement is registered on the title of the land and remains in effect even if title is transferred. When a conservation easement is donated such a donation may qualify as an ecological gift – the easement holder is considered to be the recipient organization.

Q Can a Conservation Authority accept ecogifts?

A Conservation Authorities and/or their foundations must apply as registered charities to be qualified – check with Environment Canada to find out if an Authority is on the list of qualified ecogift recipients.

What is the donation value of a conservation easement?

A The value of a donated conservation easement as an ecogift is the difference between the 'before' and 'after' fair market value of the property once easement restrictions have been registered. This value must be determined by a qualified appraiser.

 $oldsymbol{\mathsf{Q}}$ Are there capital gains on conservation easements?

A Yes. Ecogift donors only have to include 25 percent of the capital gain on the donation of an easement, land title or covenants in their income for income tax purposes (versus 50 percent for non-ecogift donations). The capital gain on an easement is calculated on the donation value and is in the same proportion as the capital gain on the present-day fair market value of the entire property.

What happens if the recipient sells, gives away or degrades the land?

A Charitable and municipal recipients are subject to a federal tax penalty of 50 percent of the fair market value of the land for any unapproved land use changes or disposition of title, in addition to any legal action the donor may take against the recipient. It is essential for donors to find a recipient they trust and are convinced will be able to responsibly manage and protect their land in perpetuity – a good donor-recipient relationship lessens the likelihood of future problems.



Red-shouldered Hawk

Have a question not answered above? Contact us.

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