

GIFT PLANNING

A Legacy for Tomorrow, A Tax Break Today

Quick question:

Which Canadian gift planning vehicle is unique in the world, provides exceptional tax benefits to the donor, and will mark its thirtieth anniversary in 2025?

If you answered the “Government of Canada’s Ecological Gifts Program”, you’re correct!

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If you’re in the fundraising and management realm of the nonprofit sector, some of your supporters may own property that includes significant wildlife habitat, such as forests, grasslands and wetlands.

These landowners play an important role in protecting habitats and wildlife, including species at risk, by limiting certain activities and practices, and by encouraging restoration and stewardship.

But what happens if they can no longer care for their property, or if they have children who aren’t interested in maintaining it?

Such landowners may also worry about the tax consequences of selling their land (such as capital gains tax), or that the land they’ve cared for over many

years may be developed.

If the land is deemed ecologically sensitive, the Ecological Gifts Program may be able to help.

How can the Ecological Gifts Program help your supporters?

Since 1995, Environment and Climate Change Canada’s Ecological Gifts Program has enabled individual and corporate landowners to protect cherished ecologically sensitive lands in perpetuity, by donating them to qualified recipients.

Qualified recipients of ecological gifts

Qualified recipients of ecological gifts include: land trusts and other charitable conservation organizations; municipalities; federal, provincial, and territorial governments; and public bodies that perform a function of government in Canada. A complete list of qualified environmental charities can be found at <https://www.canada.ca/en/environment-climate-change/services/environmental-funding/ecological-gifts-program/eligible-recipients.html#toc3>. Recipients ensure that the land’s eco-



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logical sensitivity is conserved in perpetuity.

Over 220,000 hectares protected, valued at over \$1.1 billion

Since 1995, more than 1,750 ecological gifts have been made, protecting more than 220,000 hectares of land valued at over \$1.1 billion. Gifts can range in size from a few hectares to hundreds of hectares, and in value from a few thousand dollars to tens of millions.

Special income tax benefits

This unique program is made possible by provisions of the Income Tax Act of Canada, and offers significant tax benefits to landowners who donate land, or an eligible interest or right in land, to a qualified recipient.

Corporate donors deduct the amount directly, while individuals use it to calculate a nonrefundable tax credit. There is no limit to the dollar amount of ecological gift donations in a year that are eligible for the deduction or credit. In addition, any unclaimed portion of the credit may be carried forward for up to 10 years, and there is

An ecological gift is a donation of land, or a partial interest or right in land, to an eligible recipient. The landowner may choose to make a fee simple donation, donating the land outright to provide the maximum ecological protection and largest tax benefit. Alternatively, they may choose to donate a partial interest with a conservation easement, covenant or servitude, maintaining their connection to the land while restricting its potential uses to favour conservation. Gifts of remainder interests in land, following the granting of a life interest, are also eligible under the Ecological Gifts Program.

no taxable capital gain on the value of the property donated.

Split receipts

In some instances, it's possible for a donor to receive cash for up to 80% of the value of the gift. The eligible amount for the tax receipt is the difference between the fair market value of the donated land and the amount of the cash advantage received by the donor.

Certification and approval

The federal Minister of the Environment:

- Certifies the ecological sensitivity of the land (in Quebec, the provincial Minister of the Environment certifies the ecological sensitivity).
- Approves the recipient receiving the Ecological Gift (for charities, municipalities and public bodies).
- Certifies the fair market value of the donation.

It's a team process – often working with allied professionals and advisors

Ecological gift donations usually involve financial advisors, land appraisers,

accountants, notaries or lawyers, and other professionals who ensure that the process benefits both donors and recipient organizations.

For more details about how landowners can leave a legacy for tomorrow and receive a tax break today, please see <https://www.canada.ca/ecological-gifts>.

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