

If I decide to donate land or a covenant for conservation, what financial benefits will I have?

We work with landowners like you who want to leave a conservation legacy. This may involve a gift of cash, land or a conservation covenant. Donations made to a Land Trust or Conservancy offer a lifetime of benefit in knowing that you have helped protect the natural or cultural heritage of our province.

Your generous gift to a Land Trust or other conservation organization will have tax implications for you as a donor. We can help create a conservation package that suits your needs as well as your personal and financial goals. The following is a basic outline to help you understand some of the tax implications involved.

Donations of Land

The steps in determining how land is valued, and thus taxed, are:

- 1) The land is appraised to determine its current fair market value.
- 2) If the land is capital property, a charitable tax receipt can be issued for any amount between the original cost of the land and the current appraised fair market value.
- 3) Except for the donation of a principal residence, this may result in a capital gain (the difference of the value of the land upon purchase and its current value). If there is a capital gain, 50% of the gain (25% if the gift of land qualifies as an Ecological Gift) must be included as income in the year of donation.
- 4) When land is donated to a registered charity (your local land trust), the charitable tax receipt they issue can be used to offset up to 75% of your income in the 1st year (100% in the case of an Ecological Gft), with any unused portion carried forward for five years. The tax receipt generally

will more than offset the amount of the capital gain.

Conservation Covenants

Similar to land donations, the first step is to have the land appraised. With a covenant, the appraisal will determine the value of the land unencumbered, and then the value with the restricted use. The difference between the two is the value of the covenant.

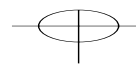
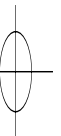
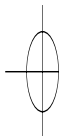


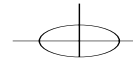
- Burrowing Owls

As with a land donation, the donor may have capital gain consequences. However, if the land is not classed as inventory, the conservancy or land trust can issue a charitable tax receipt for any amount you choose between the original value of the covenant and the current appraised value of the covenant. This usually removes donors' concerns about taxable capital gains. Again this charitable receipt can be used to offset up to 75% of income (100% in the case of an Ecological Gift) in the first year, with any unused portion carried forward for up to five years.

Other Tax Consequences

- ◆ There may be property tax benefits for conservation covenants in B.C. Assessors in B.C. are specifically directed to give "consideration to any terms or conditions contained in a conservation agreement" in determining the actual value of the property.





- ◆ There is no land transfer tax applied to the registration of conservation covenants or the donations of lands to a registered charity in B.C.
- ◆ Farmers, homeowners and others may be eligible for capital gains exemptions.
- ◆ If the gift of land qualifies as an Ecological Gift, you may use the charitable receipt to offset 100% of your income in the first year (as opposed to only 75%). Your land trust or conservancy can help you make the appropriate contact with an official designated by the federal Minister of the Environment who can issue this Certificate.

Additional Exceptions

- ◆ Land held by charities may qualify for additional property tax reductions.
- ◆ Gifts of securities and cultural items have further tax reductions.

- ◆ Donations of land to a charity may also affect GST tax credits, pensions and other non-refundable credits.
- ◆ Charitable donations made in the year of death (a bequest) can be used to offset up to 100% of the individual's net income.

Donations of Cash and Other Property

Of course, you can choose to donate cash or other property such as securities or art to a conservation organization directly. Should you do so, you will receive a charitable tax receipt for the full amount. You can use this to offset 75% (or 100% depending on the property donated) of your annual income and carry the balance forward for up to five years.

Be sure to contact your own financial and legal advisors before donating lands or covenants. Each case is very specific and you need to be sure of the implications before proceeding.

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**To find out more, contact your local
land trust or LTABC**

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Tax Benefits



photos copyright Jonathan Grant - Pacific Tree Frog

of your Conservation Donation

