Gifts of Personal Property

There are times when it makes sense to consider donating personal property to a charity. Canada Revenue Agency calls a gift of personal property a gift-in-kind, and defines it as: a gift of property other than cash such as capital property (including depreciable property) and personal-use property (including listed personal property). A gift in kind does not include a gift of services.

Here are some things to keep in mind when you donate property:

- If you plan to give away property, any capital gain you have made on the property since you got it may be subject to tax.
- Your own situation will affect the tax status of the gift. If you are an artist, dealer, or collector, different tax rules apply when you donate property from your inventory.
- Please check with the University of Manitoba prior to making your donation to ensure that the university can accept your gift of property.
- In most cases, individuals will have to have the property appraised at their expense, to determine its fair market value for tax receipt purposes.

Who should appraise a gift?

For every situation individuals are encouraged to contact a professional appraiser, valuator, or other individual who is accredited in the field of valuation. That individual should be knowledgeable about the principles, theories, and procedures of the applicable valuation discipline and follow the Uniform Standards of Professional Appraisal Practice or the standards of the profession. Also, he or she should be knowledgeable about and active in the marketplace for the specific property.

The chosen individual should be independent. For instance, he or she should not be associated with the donor, the qualified donee, or another party associated with the purchase, sale, or donation of the property. The individual should also be knowledgeable about the elements of a properly prepared and credible valuation report.

The fair market value of the property gifted will be deemed to be the lesser of the property's:

- fair market value otherwise determined; and
- its cost (or adjusted cost base if it is capital property), at the time the gift was made. It also applies to certain property that was acquired by the individual less than three years before the day the gift was made. It must also be reasonable to conclude that when the
property was acquired, the donor expected to make a gift of it. It does not apply to the situation where the gift is made as a consequence of the donor's death.

**Gifts of Canadian Cultural Property**

A certified cultural property is a property of outstanding significance and national importance to Canada, for which the Canadian Cultural Property Export Review Board has issued a certificate.

The *Income Tax Act* provides favourable income tax treatment for the disposition of certified cultural property to institutions and public authorities designated by the Minister of Canadian Heritage. This treatment includes a tax exemption for capital gains realized on the disposition of cultural properties to those designated institutions and, when disposition is by way of a gift to those institutions, the provision of a tax credit or a deduction to donors, up to 100% of their net income.

The University of Manitoba can accept artwork or library resources that are certified as Canadian Cultural Property. Gifts of Canadian Cultural Property must first be determined to be such, through the review processes of the Canadian Cultural Property Review Board. Upon a positive determination, individuals may claim 100% of the tax receipt amount toward an income tax credit.

**Gifts of Real Estate**

Gifts of real estate may be made in various ways: outright, as a residual interest in a property, or to fund a charitable remainder trust. Such gifts will be reviewed on a an individual basis with the university. At minimum, the university will review factors including zoning restrictions, marketability, current use and cash flow, environmental factors, liability, and title prior to accepting a gift of real estate.

For more information contact:
Manager of Planned Giving, The University of Manitoba
179 Extended Education Complex, Winnipeg, MB R3T 2N2
Tel.: (204) 474-9195 or Toll Free: 1-800-330-8066
Fax: (204) 474-7635 Email: planned_giving@umanitoba.ca

*The purpose of this publication is to provide general information, not to render legal advice. In addition any changes in the tax structure may affect the examples listed in this information. You should consult your own lawyer or other professional advisor about the applicability to your situation.*