

Gift of shares through a holding company

If you own a holding company, consider making a gift of shares through this entity. This tax-effective option allows you to make a larger gift than the equivalent cash donation.

It's a strategic way to support a cause that's close to your heart.

Who is this for?

This type of donation is for anyone who owns a holding company generating sufficient earnings to leverage the tax benefits that make this an advantageous option.

Advantages

- The procedure is fast and simple: everything can be done electronically in just a few days.
- Your holding company will be exempt from paying tax on the capital gains made on the donated securities—which are normally taxable at a rate of 50% when securities are sold.
- Your holding company will receive a tax receipt equivalent to the fair market value of your shares at the time the markets close on the day they are deposited into the Foundation's account.
- Your donation will allow you to increase the balance of your capital dividend account (CDA) by an amount equivalent to the capital gain on the tax-exempt securities you donate. This allows you to pay out more tax-free dividends from your CDA, either to shareholders or yourself.

Next steps

1

Download and complete the Donor Confirmation Form – Publicly Traded Securities, available on the Foundation's website: givefortheheart.org (in the "Donate" section).

2

Send the completed form to your broker and authorize them to make the transfer.

3

Inform the Foundation of your gift (so we can accept the transfer) by sending your completed form to **Catherine St-André**, Senior Advisor, Major and Planned Gifts, **by email** at catherine.st-andre@icm-mhi.org or by fax at 514 376-5400.

4

Once we can confirm that the securities have been received, the Foundation will notify you of the final amount of your donation.

To simplify the calculations in these examples, the combined federal and provincial tax rate for shareholder dividends has been rounded to 40%. The example below does not reflect a refund of RDTOH.

The tax rate for this company has therefore been rounded to 50%. The holding company has the taxable earnings necessary to allow it to use the entirety of the deductions resulting from a donation.

Example of a donation

- Mr. Heartwell owns a holding company and wants to donate \$100,000 to the Foundation.
- His holding company possesses publicly traded securities acquired at a cost of \$20,000 that are now worth \$100,000.
- By choosing to make a gift of shares through his holding company, Mr. Heartwell reduces the cost of his donation to \$14,000 and receives more tax benefits than he would have with a cash donation.

A	Market value of shares	\$100,000
B	Cost of acquisition of shares	\$20,000
C	Capital gains (A - B)	\$80,000
D	Capital gains tax avoided (C x 50% x 50%)	\$20,000
E	The CDA increases by \$80,000 because the capital gain (C) is entirely non-taxable and therefore allows the distribution of tax-free dividends for that amount	\$80,000
F	Tax benefits for the shareholder resulting from the additional tax savings related to the donation, which lead to an increase in the distribution of tax-free dividends* (for example, 50% x 40%)	\$16,000
G	Tax credit for the donation (A x 50%)	\$50,000
H	Total tax benefit for the holding company from the donation (D + G)	\$70,00
I	Total tax benefit for the holding company and shareholder from the donation (H + F)	\$86,000
	Net cost of the donation after factoring in the savings to the company and shareholder (A - I)	\$14,000

*Capital gains are normally always taxable at a rate of 50%. Because of the donation, the entirety of the capital gains is therefore non-taxable, and the amount put into the CDA is doubled, allowing the donation to generate even more tax savings.



« Twenty years ago, I had bypass surgery at the Institute. My father was cared for there as well. The Institute is part of our family history. It's a source of deep pride to see its international reputation grow. The care teams are extraordinary. That's why I decided to make a gift of shares — thanks to the tax receipt issued, I was able to give even more. »

Jules Landry

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Patient at the
Montreal Heart
Institute and donor

**Call us to
learn more**

Catherine St-André
Senior Advisor

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The information contained in the present document is of a general nature and does not, in any way, replace the advice of professionals who may take into account your specific situation.

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