Gifts and Income Tax 2025

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La version française de ce guide est intitulée *Les dons et l'impôt*.

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Find out if this guide is for you

Are you an individual planning to give money or other property to a registered charity or other qualified donee? Do you own land, a building, or stocks or bonds that you want to give to a registered charity or other qualified donee? Do you own an oil painting, stamp collection, etching, sculpture, antique or coin set that you want to give to a gallery or museum that is a qualified donee? Are you having your gift appraised? If so, this may affect your tax situation.

This guide gives you information about making a gift in 2025.

If you require information about a gift made in a previous year, you will need a version of this guide for the year in which you made your gift. You can get previous versions of this guide by going to Forms and publications and clicking on "CRA publications" then entering "P113" in the "Filter items" or by calling **1-800-959-8281**.

New for 2025

This section generally includes updates to the CRA's services as well as proposed, announced and enacted tax changes for the year. When tax changes become law as proposed or announced, they will be effective for the tax year or as of the dates given. If draft legislation is finalized or new legislation is introduced after publishing in January 2026, information will be available at What's new. Form T1170, *Capital Gains on Gifts of Certain Capital Property*, has been updated to reflect the changes noted in this section, as needed.

Definitions

Adjusted cost base (ACB) – is usually the cost of a property plus any expenses to acquire it, such as commissions and legal fees. It also includes capital expenditures, such as the cost of additions and improvements to the property. You cannot add current expenses, such as maintenance and repair costs, to the ACB of a property. For more information, read Chapter 3 of Guide T4037, *Capital Gains*.

Advantage – is generally the total value of any property, service, compensation, use, or any other benefit that you are entitled to as partial consideration for, in gratitude for, or in any other way related to the gift. The advantage may be contingent or receivable in the future, either to you, or a person or partnership not dealing at arm's length with you.

For example, you donate $1,000 to the Anytown Ballet Company, which is a registered charity. In gratitude, the company provides you with three tickets to a show that are valued at $150. You are therefore considered to have received an advantage of $150. The eligible amount of the gift is $850 ($1,000 – $150).

The advantage also includes any limited-recourse debt (including amounts owed by persons not dealing at arm's length with you) in respect of the gift at the time it was made. For example, there may be a limited-recourse debt that can reasonably relate to a gift to a qualified donee as part of a gifting arrangement that is a tax shelter. Generally, a limited-recourse debt is one where the borrower is not at risk for the repayment. In this case, the eligible amount of the gift will be reported in box 13 of Form T5003, *Statement of Tax Shelter Information*. For more information on tax shelters and gifting arrangements, see Guide T4068, *Guide for the Partnership Information Return (T5013 Forms)*.

Arm's length – refers to a relationship or a transaction between unrelated persons who act in their own separate interests. An arm's length transaction is generally a transaction that reflects ordinary commercial dealings between unrelated parties acting in their own separate interests.

For more information, see Income Tax Folio S1-F5-C1, *Related Persons and Dealing at Arm's Length*.

Eligible amount of the gift – is the amount by which the fair market value (FMV) of the gifted property exceeds the amount of an advantage, if any, in respect of the gift. There are situations in which the eligible amount may be deemed to be nil. For more information, see Official donation receipts and Deemed fair market value.

Fair market value (FMV) – is usually the highest dollar value you can get for your property in an open and unrestricted market, between a willing buyer and a willing seller who are acting independently of each other.

Note

For the purposes of this guide, there are certain situations in which the FMV (Fair market value) will be deemed to be less than the actual FMV of the property described above. For more information, see Deemed fair market value.

Non-arm's length – generally refers to a relationship or transaction between persons who are related to each other.

However, a non-arm's length relationship might also exist between unrelated individuals, partnerships, or corporations, depending on the circumstances. For more information, see the definition of Arm's length.

Related persons – are not considered to deal with each other at arm's length. Related persons include individuals connected by blood relationship, marriage, common-law partnership, or adoption (legal or in fact). A corporation and another person or two corporations may also be related persons.

For more information, see Income Tax Folio S1-F5-C1, *Related Persons and Dealing at Arm's Length*.

Unrelated persons – may not be dealing with each other at arm's length at a particular time. Each case will depend upon its own facts. The following criteria will generally be used to determine if the parties to a transaction are **not** dealing at arm's length:

- whether there is a common mind that directs the bargaining for the parties to a transaction
- whether the parties to a transaction act in concert without separate interests ("acting in concert" means, for example, that parties act with considerable interdependence on a transaction of common interest)
- whether there is "de facto control" of one party by the other because of, for example, advantage, authority, or influence

For more information, see Income Tax Folio S1-F5-C1, *Related Persons and Dealing at Arm's Length*.

Gifts and income tax

If you made a gift of money or other property to a qualified donee and you received an official donation receipt from the qualified donee, you may be able to claim federal and provincial or territorial non-refundable tax credits when you file your income tax and benefit return. If you lived in **Quebec** on December 31, claim your provincial tax credit on your Quebec income tax return.

In most cases, a gift is a voluntary transfer of property without valuable consideration. However, a transfer of property for which you received an advantage is still considered a gift for the purposes of the *Income Tax Act* as long as the Canada Revenue Agency (CRA) is satisfied that the transfer of property was made with the intention to make a gift.

For more information, see Income Tax Folio S7-F1-C1, *Split-receipting and Deemed Fair Market Value*.

Note

The fact that you received an advantage will not by itself disqualify the transfer from being a gift when the FMV (fair market value) of the advantage does not exceed 80% of the FMV (fair market value) of the transferred property. (fair market value)

If the amount of the advantage exceeds 80% of the FMV (Fair market value) of the transferred property, the CRA (Canada Revenue Agency) may still consider the transfer to be a gift for purposes of the *Income Tax Act*. For more information, write to:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

You can also call the Charities Directorate at **1-800-267-2384**.

The eligible amount of the gift is used to calculate your non-refundable donation tax credits.

The tax consequences of a gift depend on such facts as whether it is:

- a gift to a qualified donee
- a gift of ecologically sensitive land

- a gift of certified cultural property to a designated institution or a public authority under the *Cultural Property Export and Import Act*
- a gift of a share, debt obligation or right listed on a designated stock exchange, a share of the capital stock of a mutual fund corporation, a unit of a mutual fund trust, an interest in a related segregated fund trust, or a prescribed debt obligation
- a gift of publicly listed flow-through shares acquired after March 21, 2011
- a gift of non-qualifying securities
- a gift of options to acquire property

The tax consequences also depend on whether the property was capital property, listed personal property (LPP) or inventory of a business.

Gifts you can claim

Gifts made to registered charities and other qualified donees

You can claim a tax credit based on the **eligible amount** of your gift to a qualified donee. Qualified donees are:

- registered charities
- registered journalism organizations
- registered Canadian amateur athletic associations
- registered national arts service organizations
- registered housing corporations resident in Canada set up only to provide low-cost housing for the aged
- registered municipalities in Canada
- registered municipal or public bodies performing a function of government in Canada

- the United Nations and its agencies
- the Government of Canada, a province, or a territory
- universities outside Canada that ordinarily include students from Canada, that are registered with the CRA (Canada revenue agency)
- registered foreign charities to which the Government of Canada has made a gift

To help donors determine which organizations may issue official donation receipts, qualified donees must appear on the publicly available lists that the CRA (Canada revenue agency) maintains. Go to Find another type of qualified donee to access these lists. The United Nations and its agencies, as well as the Government of Canada, a province, or territory are not included on these lists because they qualify automatically.

Generally, you can claim part or all of the eligible amount of your gifts, up to the limit of 75% of your net income for the year. You may be able to increase this limit if you give capital property, including depreciable property. For more details, see Calculating your increased donation limit.

Gifts of non-qualifying securities

Special rules apply if you make a gift of a non-qualifying security, such as shares of a corporation you control or obligations or any other security issued by yourself (other than shares, obligations, and other securities listed on a designated stock exchange and deposits with financial institutions).

For more information, go to Non-qualifying security or see Guide T4037, *Capital Gains*. You can also call the Charities Directorate at **1-800-267-2384**.

Gifts to United States charities

Generally, if you have United States (U.S.) source income, you can claim a gift to a U.S. (United States) charity if the charity meets the following conditions:

- it is generally exempt from U.S. (United States) tax
- it could qualify in Canada as a registered charity if it were a resident of Canada and created or established in Canada

Generally, U.S. (United States) organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, educational, or other specified purposes, and that meet certain other requirements, are tax exempt under Internal Revenue Code section 501(c)(3).

A gift made by a Canadian resident to a U.S. (United States) 501(c)(3) organization will generally be an eligible gift for purposes of computing the tax credit.

You can claim the eligible amount of your U.S (United States). gifts up to 75% of the net U.S. (United States)-source income you report on your Canadian return.

However, you may be able to claim the eligible amount of your gifts to U.S. (United States) organizations up to 75% of your net world income. You can do this if the gift would be allowed as a deduction under the Internal Revenue Code and you meet **all** the following conditions:

- you live near the border in Canada throughout the year
- you commute to your principal workplace or business in the U.S. (United States)
- that employment or business was your main source of income for the year

Similarly, your claim will not be restricted to net U.S. (United States) source income if your gift is to a U.S. (United States) college or university at which you or a member of your family is or was enrolled in, or if your gift is to a registered U.S. (United States) university as referenced in the list of qualified donees.

Gifts to government bodies

You can claim a tax credit based on the **eligible amount** of gifts to the Government of Canada, a province, a territory, registered municipalities in Canada, or registered municipal or public bodies performing a function of government in Canada. These types of charitable donations do not include contributions to political parties. The amount that qualifies for the tax credit is limited to **75%** of your net income. Enter the eligible amount on line 32900 of Schedule 9, *Donations and Gifts*.

Monetary gifts to Canada should be made payable to the Receiver General for Canada. Send the gift, along with a note stating that the money is a gift to Canada, to:

Place du Portage, Phase III
11 Laurier Street
Gatineau QC K1A 0S5

If you made such a gift, you should have been provided with an official donation receipt.

Ecological gifts

You may be able to claim a tax credit based on the **eligible amount** of a gift of ecologically sensitive land, including a covenant, an easement, or in the case of land in Quebec, a real servitude or a personal servitude (the rights to which the land is subject and which has a term of not less than 100 years) you made to any of the following:

- the Government of Canada, a province or a territory
- a municipality in Canada, or a municipal or public body performing a function of government in Canada, that is approved by the Minister of Environment and Climate Change Canada (ECCC) or a person designated by that Minister in respect of the gift
- a registered charity approved by the Minister of ECCC (Environment and Climate Change Canada) or the designated person in respect of the gift

A gift of ecologically sensitive land cannot be made to a private foundation.

The Minister of ECCC (Environment and Climate Change Canada), or a person designated by that Minister, has to certify that the land is ecologically sensitive land, the conservation and protection of which is important to the preservation of Canada's environmental heritage. The Minister also determines the FMV (fair market value) of the gift.

For a gift of a servitude, covenant, or easement, the FMV (Fair market value) of the gift will be the **greater** of:

- the FMV (Fair market value) of the gift otherwise determined
- the amount of the reduction of the land's FMV (Fair market value) (Fair market value) that resulted from the gift

The FMV (Fair market value) of the donated property, as determined or redetermined by the Minister of ECCC (Environment and Climate Change Canada), will apply for a 24-month period after the last determination or redetermination. If you make a gift of the property within that 24-month period, use the last determined or redetermined value to calculate the eligible amount of the gift, whether you claim the gift as a gift of ecologically sensitive land or as an ordinary charitable gift. (Environment and Climate Change Canada)

Ecologically sensitive land must be protected and should not be used for other purposes. A tax of 50% of the FMV (Fair market value) of the land is charged to recipients who change the use of the land or dispose of it without the consent of the Minister of ECCC (Environment and Climate Change Canada), or a person designated by that Minister.

Your claim for a gift of ecologically sensitive land is not limited to a percentage of your net income.

For a gift of ecologically sensitive land, the carry-forward period is **10** years.

Enter the eligible amount of the gift of ecologically sensitive land on line 34200 of Schedule 9, *Donations and Gifts*. See Official donation receipts.

You may have a capital gain or loss for the land that you donated. For more information, see the section called Capital gains and losses.

Cultural gifts

Special incentives are available to encourage Canadians to keep cultural property that is of "outstanding significance" in Canada. You can donate this type of property to Canadian institutions and public authorities that are designated under the *Cultural Property Export and Import Act* by the Minister of Canadian Heritage at the time of the gift.

You can claim a tax credit based on the eligible amount of gifts of certified cultural property. The eligible amount of your gift is calculated based on the FMV (Fair market value) of the property, as determined by the Canadian Cultural Property Export Review Board (CCPERB).

The FMV (Fair market value) of the donated property, as determined or redetermined by the CCPERB (Canadian Cultural Property Export Review Board), will apply for a 24-month period after the last determination or redetermination. If you gift the property within that 24-month period, use the last determined or redetermined FMV (Fair market value) to calculate the eligible amount of the gift, whether you claim the gift as a gift of cultural property or as an ordinary charitable gift.

For gifts of certified cultural property, the deemed FMV (Fair market value) rules explained in the section called Deemed fair market value, apply when the property is acquired as part of a gifting arrangement that is a tax shelter.

Your claim for a gift of certified cultural property is not limited to a percentage of your net income.

If you donate cultural property certified by the CCPERB (Canadian Cultural Property Export Review Board) to a designated institution or a public authority, the CCPERB (Canadian Cultural Property Export Review Board) will issue you Form T871, *Cultural Property Income Tax Certificate*, indicating the FMV (Fair market value) of the gifted property. Enter the eligible amount of the gift of certified cultural property on line 34200 of Schedule 9, *Donations and Gifts*. See Official donation receipts.

When you donate certified cultural property to a designated institution or public authority, you do not realize a capital gain. You can, however, deduct capital losses within specified limits. For more information, see Guide T4037, *Capital Gains*.

For more information on the certification of cultural property donations as well as the contact information for the CCPERB (Canadian Cultural Property Export Review Board), see The *Cultural Property Export and Import Act*.

For more information, see Income Tax Folio S4-F14-C1, *Artists and Writers*.

Carrying forward tax credits

You do not have to claim the **eligible amount** of gifts you made on your income tax and benefit return for the current year. It may be more beneficial for you to carry them forward and claim them on your return for any of the next **5 years**. For a gift of ecologically sensitive land, you can claim the amount for any of the next **10 years**. No matter what you choose, you can claim these amounts only once.

You have to claim tax credits for gifts you carried forward from a previous year **before** you claim tax credits for gifts you give in the current year. If you are claiming a carryforward, keep a record of the portion of the **eligible amount** you are claiming this year, and the amount you are carrying forward.

Note

Gifts made up to February 28, 2025, and claimed on your 2024 return due to the legislative extension cannot be claimed on your 2025 return.

Gifts in the year of death

You can claim on the deceased's final return, the eligible amount of gifts that a deceased individual gave in the year of death. The amount claimed is limited to the **lesser** of:

- 100% of the deceased individual's net income
- the eligible amount of the gifts they made in the year of death, plus the unclaimed portion of the eligible amount of any gifts made in the **5 years** before the year of death (for a gift of ecologically sensitive land, in the **10 years** before the year of death)

Any excess can be claimed on the return for the preceding year up to 100% of the deceased individual's net income for that year.

A designation donation is a donation of a direct distribution of proceeds to a qualified donee who is the designated beneficiary of a registered retirement savings plan (RRSP), including a group RRSP (Registered retirement savings plan), a registered retirement income fund (RRIF), a tax-free savings account (TFSA), or a life insurance policy including a group life insurance policy. This does not apply if the qualified donee is a policy holder under the life insurance policy or is the assignee of an interest under the life insurance policy.

Estate donations (donations made by will and designation donations) are deemed to be made by the individual's estate and where certain conditions are met, by the individual's graduated rate estate (GRE (Graduated rate estate) (graduated rate estate)). The donations are deemed to be made at the time the property is transferred to the donee.

A GRE (graduated rate estate) of an individual at any time is the estate that arose on and as a consequence of the individual's death, if that time is no more than 36 months after the death of the individual and the estate is at that time a testamentary trust that meets the following conditions:

- the estate designates itself as the deceased individual's GRE (Graduated rate estate) when filing the T3RET, *T3 Trust Income Tax and Information Return* for its first tax year
- no other estate designates itself as the GRE (Graduated rate estate) of the deceased individual
- the estate includes the deceased individual's social insurance number in its T3 return for each tax year of the estate during the 36-month period after the death of the individual

For more information about GRE (Graduated rate estate)s, see Guide T4013, *T3 Trust Guide*.

GRE (Graduated rate estate) donations are donations by a GRE (Graduated rate estate) to a qualified donee. The donated property must be property that the estate acquired upon the death of an individual (or property that was substituted for it). GRE (Graduated rate estate) donations also include designation donations.

You can allocate a GRE (Graduated rate estate) donation to any of the following:

- the tax year of the GRE (Graduated rate estate) in which the donation is made
- an earlier tax year of the GRE (Graduated rate estate)
- the deceased individual's final return and the return for the preceding year

In addition, a former GRE (Graduated rate estate) that continues to meet all of the requirements of a GRE (Graduated rate estate) except for the 36-month time limit, can make a gift after the 36-month period, but within 60 months after the date of death. Such a gift can be allocated among any of the following: (Graduated rate estate)

- the tax year of the estate in which the donation is made
- an earlier tax year of the estate if the estate was a GRE (Graduated rate estate) in that year
- the deceased individual's final return and the return for the preceding year

An estate, whether it is a GRE (Graduated rate estate) or not, can claim a charitable donations tax credit for an estate donation in the year in which the donation is made or in any of the 5 following years (or 10 years for a gift of ecologically sensitive land).

Donations made by the individual in the year of death, but prior to the date of death, can still be claimed on the deceased individual's final return or the return for the preceding year.

Generally, when an individual dies, the individual is deemed to have disposed of all capital property immediately before the individual's death.

When the estate of a deceased individual donates property that was the subject of a deemed disposition by the individual immediately before the individual's death and the property's FMV (Fair market value) upon transfer to the qualified donee has changed, the difference will result in a gain or loss to the estate that will generally be recognized for income tax purposes. This will be the case whether or not the donation is a GRE (Graduated rate estate) donation or a former GRE (Graduated rate estate) donation. There are exceptions for gifts of certain types of capital property. See Gifts of capital property and Capital gains realized on gifts of certain capital property for more information.

For more information on gifts in the year of death and the treatment of capital gains on disposition, go to Prepare tax returns for someone who died or see Guide T4013, T3 Trust Guide.

Gifts in kind

A gift in kind refers to a non-cash gift of property such as capital property (including depreciable property) and personal-use property (including LPP (listed personal property)). These terms are defined in the "Definitions" section in Guide T4037, *Capital Gains*. A gift in kind does not include a gift of services.

Donating property

Here are some aspects to consider when you donate property:

- Any capital gain you have made on the property since you acquired it may be subject to tax, (see Capital gains and losses)
- Your own situation will affect the tax treatment of the gift. (For example, if you are an artist, a dealer, a collector, or an individual carrying on a business, different tax rules apply when you donate property from your inventory)
- The tax implications may differ depending on the way in which you make the gift and to whom. The CRA (Canada revenue agency) cannot advise which museum, art gallery, archive, municipality, or institution you should approach
- After you choose a qualified donee and have determined that it is willing to accept your gift, you or the qualified donee may need to have the property appraised to determine its FMV (Fair market value)

Donation appraisals

Donors and qualified donees often approach appraisers, dealers, and other people who are knowledgeable about particular objects to get appraisals for income tax purposes. Determining FMV (Fair market value), can be a complex process. You must consider many facts about the property.

You may need to get one or more appraisals to establish the FMV (Fair market value) of the property you are donating. Use the appraised FMV (Fair market value) to calculate the eligible amount of gifts unless the deemed FMV (Fair market value) rules apply. The eligible amount is used to calculate the tax credit you can claim on your income tax and benefit return. The appraised FMV (Fair market value) is also used to calculate any capital gain or loss you may have from donating your property.

Appraisers

For every situation, whether the property is personal property, real property, or intangible property, the CRA (Canada Revenue Agency) encourages donors and qualified donees to contact a professional appraiser, valuator or other individuals who are accredited in the field of valuation. These individuals 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, they should be knowledgeable and active in the marketplace for the specific property.

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

Where the FMV (Fair market value) of the property to be gifted is less than $1,000, a professional appraisal will probably not be required, but the donor should keep all documents supporting the determination of the FMV (Fair market value) in case the CRA (Canada revenue agency) asks to see them.

Appraisal report

The appraisal or valuation report should be based on the principles, theories, and procedures of the applicable valuation discipline and follow the standards of the profession. The report must be an estimate of the FMV (Fair market value) of the property as of the date of donation. Also, if you owned the property on **valuation day** (December 31, 1971), you may need to get a valuation reflecting the value on that date.

Note

For gifts of cultural property, the Canadian Cultural Property Export Review Board (CCPERB) has requirements for appraisals. Before applying for certification, consult the Review Board Secretariat. Refer to Designated institutions and public authorities for the secretariat contact information. Similarly, for gifts of ecologically sensitive land, the Minister of Environment and Climate Change Canada (ECCC), (or if the land is **located in Quebec**, the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks) has additional requirements for appraisals.

Donation date

The donation date is the date that the gift is made. The donation date may not be the date of physical delivery, since a property may be on loan to the qualified donee before the actual donation date.

Official donation receipts

The eligible amount of a gift is deemed to be nil if the donor fails to inform the donee of information that would be relevant to the application of the rules that would cause the eligible amount of a gift to be less than the FMV (Fair market value) of the gifted property (see Deemed fair market value).

For gifts in kind, the qualified donee can issue an official donation receipt after the property has been appraised. The receipt should show the FMV (Fair market value) or deemed FMV (Fair market value) of your gift. It will also show the eligible amount of the gift. For more information on what must appear on the receipt, go to What information must be on an official donation receipt from a registered charity?.

If your gift is under the *Cultural Property Export and Import Act*, and the CCPERB (Canadian Cultural Property Export Review Board) has certified it, you will receive Form T871, *Cultural Property Income Tax Certificate*, from the CCPERB (Canadian Cultural Property Export Review Board). Keep the certificate for your records.

If your gift is ecologically sensitive land and the federal Minister of ECCC (Environment Climate Change Canada), or a person designated by that Minister, has certified that the conservation and protection of the land is important to the preservation of Canada's environmental heritage, you will receive a Certificate for Donation of Ecologically Sensitive Land. Keep the certificate for your records.

If your gift is ecologically sensitive land **in Quebec**, you will instead receive a Certificate for a Gift of Land or a Servitude with Ecological Value, from the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks for the Province of Quebec. Keep the certificate for your records.

Generally, the eligible amount that qualifies for the tax credit applies for the year you give the gift. You can choose the part of the **eligible amount** of the gift you want to claim in the year and you can carry forward any unused part for up to:

- 10 years for a gift of ecologically sensitive land
- 5 years for any other gift

If you are filing electronically, keep all of your documents in case the CRA (Canada revenue agency) asks to see them. If you are filing a paper return, include your Schedule 9, *Donations and Gifts*, but keep your official donation receipts in case the CRA (Canada revenue agency) asks to see them. If you receive a T5003 slip, *Statement of Tax Shelter Information* from a tax shelter with an amount in box 13, you must submit this slip with your return along with a completed Form T5004, *Claim for Tax Shelter Loss or Deduction*.

When a qualified donee returns a property to you that is either the original property that you previously donated, or any other property that may reasonably be considered compensation for, or a substitute for, the original property and where the FMV (Fair market value) of the returned property is more than $50, the qualified donee must file an information return with the CRA (Canada Revenue Agency). The qualified donee must send the information return to the CRA (Canada revenue agency)'s Charities Directorate within 90 days of the transfer of property. The qualified donee must also provide a copy of this information return to you. The CRA (Canada revenue agency) may then reassess your tax return (or the tax return of the person who claimed the tax credit) for the applicable tax year to reduce the amount of your previous claim and to amend the reporting of the disposition of the original property.

For more information, go to Qualified donees – Consequences of returning donated property.

You can also contact the Charities Directorate at **1-800-267-2384**.

Gifts of capital property

Capital property includes depreciable property, and any property that would result in a capital gain or a capital loss if sold. Capital property does **not** include the trading assets of a business, such as inventory.

The following are generally capital properties:

- cottages
- securities, such as stocks, bonds and units of a mutual fund trust

- land, buildings and equipment you use in a business or rental operation

Note

All references to FMV (Fair market value) in this section are subject to the deemed FMV (Fair market value) rules as discussed under Deemed fair market value.

If you donate capital property, you are considered to have disposed of that property for proceeds **equal** to the FMV (Fair market value) of the property. You have to report any capital gain on your income tax and benefit return in the year you donated the property. In some cases, you may be able to claim a capital loss in the year you donated the property. (Adjusted cost base)

However, if you make a gift of capital property to a registered charity or other qualified donee such as Canada or one of its provinces or territories, and the FMV (Fair market value) of the donated capital property, otherwise determined, is **more** than its ACB (Adjusted cost base), you may designate an amount that is less than the FMV (Fair market value) to be the proceeds of disposition. This may allow you to reduce the capital gain otherwise calculated.

The amount that you may choose to designate in respect of the donation cannot be greater than the FMV (Fair market value) and not less than the **greater** of:

- any advantage in respect of the gift
- the ACB (Adjusted cost base) of the property (or, if the property was depreciable property, whichever is less: its ACB (Adjusted cost base) or the undepreciated capital cost of the class of the property)

Use the amount you choose as the proceeds of disposition when you calculate any capital gain. Also use this amount to determine the eligible amount of the gift, which you need to calculate the tax credit. For more information, see Capital gains and losses.

For more information, see Archived Interpretation Bulletin IT-288R2, *Gifts of Capital Properties to a Charity and Others*.

Deemed fair market value

For a gift of property made to a qualified donee, the FMV (Fair market value) of the property gifted is deemed to be whichever of the following amounts is **less**:

- the FMV (Fair market value) otherwise determined
- the cost (ACB (Adjusted cost base) if it is capital property or adjusted cost basis if it is a life insurance policy) to the donor immediately before the gift was made

This FMV (Fair market value) limitation applies to property that was acquired as part of a gifting arrangement that is a tax shelter. Unless the gift is made as a consequence of the taxpayer's death, this FMV (Fair market value) limitation also applies if the property was acquired in one of the following periods of time:

- less than **3** years before the day the gift was made
- less than **10** years before the day the gift was made and it is reasonable to conclude that when the property was acquired, one of the main reasons for the acquisition was to make a gift of it

If a gifted property was acquired in a non-arm's length transaction during the 3-year or 10-year period, the cost of property (or ACB (Adjusted cost base) if it is capital property) is deemed to be equal to whichever of the following is **less**:

- the cost (or ACB (Adjusted cost base) if it is capital property) to the donor
- the cost (or ACB (Adjusted cost base) if it is capital property) to a party to the transaction

The limitation does not apply to any of the following gifts:

- inventory
- real or immovable property located in Canada
- certified cultural property (unless it was acquired as part of a gifting arrangement that is a tax shelter)
- certified ecologically sensitive land, including a covenant or an easement to which land is subject or, in the case of land in Quebec, a personal servitude where certain conditions are met or a real servitude
- a share, debt obligation, or right listed on a designated stock exchange
- a share of the capital stock of a mutual fund corporation
- a unit of a mutual fund trust
- an interest in a related segregated fund trust
- a prescribed debt obligation
- a share of the capital stock of a corporation that was issued by the corporation to the donor in exchange for a property, if both of the following apply:
  - immediately before the share was gifted, the corporation was controlled by the donor or other persons related to the donor
  - the FMV (Fair market value) limitation would not have otherwise applied to the property exchanged for that share
- a property by a corporation, if **all** of the following apply:
  - the property was acquired by the corporation for consideration that included shares of the corporation's capital stock in a rollover transaction

- immediately before the gift was made, either the shareholder from whom the corporation acquired the property or other persons related to the shareholder controlled the corporation
- the FMV (Fair market value) limitation would not have otherwise applied if that property had been gifted by the shareholder instead of the corporation

If a donor attempts to avoid the limitation(s) described under Deemed fair market value by undertaking artificial transactions or by selling a property to a qualified donee and then gifting the proceeds to the donee, special rules apply.

For more information on these rules and the FMV (Fair market value) limitations, see Income Tax Folio S7-F1-C1, *Split-receipting and Deemed Fair Market Value*.

If the property was acquired as part of a gifting arrangement that is a tax shelter, the eligible amount will be reported in box 13 of your T5003 slip.

Note

Despite numerous warnings and audit actions by the CRA (Canada Revenue Agency), some taxpayers may be tempted to participate in gifting arrangements that are tax shelters. If you are considering entering into such an arrangement, you should obtain independent professional advice from a tax advisor before signing any documents. For more information, go to Warning: Watch out for tax shelter gifting schemes.

The normal reassessment period in respect of a participant in a tax shelter or reportable transaction will be extended when an information return that is required for the tax shelter or reportable transaction is not filed as required and when required. The normal reassessment period will be extended to three years after the date the relevant information return was filed.

For more information, see Budget 2013 – Extended Reassessment Period – Tax Shelters and Reportable Transactions.

For amounts assessed in respect of tax shelter claims that involve a charitable donation, the following rules apply:

- When a taxpayer has filed an objection or an appeal to the Tax Court of Canada, the CRA (Canada Revenue Agency) can take collection action in respect of 50% of the amount, interest, and penalties in dispute
- If an amount in dispute has already been paid, the taxpayer can apply in writing to have the CRA (Canada Revenue Agency) repay that amount or to release the security that is held in respect of the amount in dispute, but only up to 50% of the amount

For more information, see Budget 2013 – Taxes in Dispute and Charitable Donation Tax Shelters.

Gifts of securities acquired under a security option plan

You can claim an additional deduction on line 24900 of your income tax and benefit return for donating shares of a corporation listed on a designated stock exchange or mutual fund units (or their cash proceeds) that you acquired through your employer's security option plan. To qualify, you must meet these conditions:

- You acquired the security under an option that was granted to you as an employee of a corporation or a mutual fund trust
- You are entitled to claim a security option deduction on line 24900 for the acquisition of the security under a security option plan
- You disposed of the security (for gifts of the securities or mutual fund units themselves) in the year it was acquired, and not more than 30

days after its acquisition, by donating it to a qualified donee
- You directed a broker or dealer (for donation of the cash proceeds) to immediately sell the security and donate the proceeds to a qualified donee

The additional deduction reported on line 24900 is equal to 50% of the amount of the taxable benefit that you received.

These deductions may effectively exempt from tax the employment benefit associated with the exercising of the stock option.

When calculating the amount of the additional deduction that you can claim on line 24900, you determine the employment benefit by using whichever of the following two amounts is **less**:

- the FMV (Fair market value) of the security at the time of acquisition
- the FMV (Fair market value) of the security at the time of disposition (through donation)

You may have a capital gain on the disposition of the security. For more information, see Capital gains and losses.

Granting of options to a qualified donee

You **cannot** claim a gift related to an option to acquire a property that is granted to a qualified donee **until** the qualified donee either exercises or sells the option.

Where the option is:

A) **exercised** by the qualified donee, the amount of the gift is generally equal to:

- the FMV (Fair market value) of the underlying property, **minus**
- any consideration that you receive from the qualified donee for the property and the option

B) **sold** by the qualified donee, the amount of the gift is equal to **whichever is less**:

- the result from A) above
- the result of:
    - the FMV (Fair market value) of any consideration (other than a non-qualifying security of any person) received by the qualified donee for the option, **minus**
    - any consideration that you receive from the qualified donee for the option.

For artists

If you are an artist, any works you create and own are usually considered inventory, not capital property. When an artist creates a work of art intending to sell it, but instead donates it to a qualified donee, the gift is considered to be a disposition of property from the artist's inventory.

As an artist, if you donate a gift from your inventory and the gift's FMV (Fair market value) is more than its cost amount, you can designate any amount for the value of the donated property as long as it meets the following conditions:

- the amount is not greater than the FMV (Fair market value)
- the amount is not less than the greater of the two following amounts:
    - the amount of any advantage in respect of the gift
    - the cost amount

Use the amount you choose for the value of the gift as proceeds of disposition to determine your income. This amount will also be used to calculate the eligible amount of the gift, which you need to calculate the tax credit.

For more information, see Capital gains and losses.

As an artist, you may donate a work of cultural property you created from your inventory to a designated institution or public authority. If you do this, and the Canadian Cultural Property Export Review Board (CCPERB) certifies the gift, you are considered to have received proceeds of disposition equal to the greater of the cost amount of your gift and the amount of any advantage in respect of the gift. If you meet all other requirements outlined in the section called Cultural gifts, the FMV (Fair market value) of the certified cultural property (as determined by CCPERB (Canadian Cultural Property Export Review Board)) will be used to determine the eligible amount of the gift that qualifies for the tax credit.

Notes

An artistic endeavour, for these purposes, occurs when you are in the business of creating paintings, murals, original prints, drawings, sculptures, or similar works of art. An artistic endeavour does not include reproducing works of art.

When you calculate your income from an artistic endeavour, you can choose to value your ending inventory at nil. If you do this, the cost amount of your gift is considered to be nil. Your choice stays in effect for each following year, unless the CRA (Canada Revenue Agency) allows you to change it. For more information, see Income Tax Folio S4-F14-C1, *Artists and Writers*.

For art or antiques dealers

If you buy and sell art, antiques, rare books, or other cultural property as a business and donate one of these objects, the object is considered to be part of your inventory, not capital property or personal-use property. Therefore, the proceeds are considered to be business income based on the FMV (Fair market value) of the donated property at the time you donated it. You can claim a tax credit based on the eligible amount of the gift if it otherwise qualifies.

If your gift is from a private collection that you maintain apart from those works that are considered to be your business inventory, the usual rules for donating capital property or personal-use property apply.

Listed personal property

Personal-use property includes a special class of property called **listed personal property (LPP)**. Items in this class usually increase in value. Listed personal properties include:

- prints, etchings, drawings, paintings, sculptures, or other similar works of art
- jewellery
- rare folios, rare manuscripts, or rare books
- stamps
- coins

All or any part of such properties, a part interest in them, or any right to them, are considered to be LPP (Listed personal property) (listed personal property). You should have a Valuation Day value established for any LPP (Listed personal property) you acquired before December 31, 1971, that is worth more than $1,000, either separately or as a set. In most cases, you can find an indication of the FMV (Fair market value) of these items by asking dealers or checking their catalogues.

Special rules may apply to personal-use property and LPP (Listed personal property). For more information, see Guide T4037, *Capital Gains*.

Capital gains and losses

To have a capital gain or loss, the property involved has to be capital property. You will find examples of capital property in the section called Gifts of capital property.

If you donate capital property, you are considered to have disposed of that property. You have to report any resulting capital gain or loss on your return for the year that you donate the property.

You need to know the following three amounts to calculate a capital gain or a capital loss:

- the proceeds of disposition (generally the FMV (Fair market value) of the property at the time of donation)
- the ACB (Adjusted cost base) of the property
- the outlays and expenses you incurred when donating the property

You have a capital gain when you dispose of a capital property for more than its ACB (Adjusted cost base) plus the outlays and expenses incurred to dispose of it.

When you dispose of a non-depreciable capital property for **less** than its ACB (Adjusted cost base) plus the outlays and expenses incurred to dispose of it, you have a capital loss. Report the disposition and related capital loss on Schedule 3.

When you dispose of depreciable capital property, no capital loss results. Certain rules on capital cost allowance (CCA) may require you to add a recapture of CCA (capital cost allowance) to your income or allow you to claim a terminal loss.

For more details, see Guide T4037, *Capital Gains* and as applicable:

- Guide T4002, *Self-employed Business, Professional, Commission, Farming, and Fishing Income*
- Guide T4036, *Rental Income*

Capital gains realized on gifts of certain capital property

If you donated certain types of capital property to a registered charity or other qualified donee, you may not have to include in your income any amount of capital gains realized on such gifts. You may be entitled to an inclusion rate of **zero** on any capital gain realized on such gifts if you donate:

- a share of the capital stock of a mutual fund corporation
- a unit of a mutual fund trust
- an interest in a related segregated fund trust
- a prescribed debt obligation
- a share, debt obligation, or right listed on a designated stock exchange
- certified ecologically sensitive land, including a covenant or an easement to which land is subject or, in the case of land in Quebec, a personal servitude where certain conditions are met or real servitude gifted to a qualified donee other than a private foundation. For more details, see Ecological gifts

The inclusion rate of zero is extended to any capital gain realized on the exchange of shares of the capital stock of a corporation for securities listed in the first five bullets above that are then donated if the capital stock shares meet **all** of the following conditions:

- at the time they were issued and at the time of disposition, the shares included a condition allowing the holder to exchange them for the securities

- the securities are the only consideration received from the exchange
- the securities are donated within 30 days of the exchange

If the exchanged property is a partnership interest (other than prescribed interests in a partnership), the capital gain will generally be whichever of the following amounts is **less**:

- the capital gain otherwise determined
- the amount, if any, by which the cost to the donor of the exchanged interests, plus any contributions to partnership capital by the donor, exceeds the ACB (Adjusted cost base) of those interests (determined without reference to distributions of partnership profits or capital)

If you donate property to a qualified donee that is, at the time of the donation, included in a flow-through share (FTS) class of property, you are deemed to have a capital gain from the disposition of another capital property. In addition to any capital gain that would otherwise be subject to the zero inclusion rate discussed earlier in this section, you are deemed to have a capital gain from the disposition of another capital property equal to the whichever of the following amounts is **less**:

- the amount of your exemption threshold, at the time of the donation, in respect of the FTS (flow-through share) class of property
- the total capital gains from the actual disposition

If there is no advantage received in respect of the gift, the full amount of the capital gain is eligible for the inclusion rate of zero. However, if you receive an advantage in respect of the gift, only a portion of the capital gain is eligible for the inclusion rate of zero. The rest is subject to the inclusion rate calculated on Schedule 3, *Capital Gains or Losses*.

The amount subject to the inclusion rate of **zero** is calculated using the following formula:

A × (B ÷ C)

Where

A = the capital gain

B = the eligible amount of the gift

C = the proceeds of disposition

Complete Form T1170, *Capital Gains on Gifts of Certain Capital Property* for all donations of these properties. Report these amounts for each dispositions on Schedule 3, *Capital Gains or Losses* as indicated on Form T1170.

Note

The capital gain realized on an exchange of partnership interests for publicly listed securities that are then donated should **not** be reported on Form T1170. Include the amount on **line 17400** in Part 4 of Schedule 3.

Calculating your increased donation limit

If you donate cash or other property to a registered charity or other qualified donee in the year, your total donations limit will generally be **75%** of your net income for the year. However, you can increase your total donations limit if you donate capital property in the year. If you received an advantage in respect of the donation of the property, only include the portion of taxable capital gains and recapture of depreciation that are related to the gift portion of your donation in the calculation of your donations limit.

To calculate the increase to your donation, complete the Chart for line 33900: Gifts of capital property on page 2 of Schedule 9, *Donations and Gifts*. Your donations limit cannot exceed your net income for the year.

You can also increase your donations limit if you have to include a recapture of depreciation on your current-year income tax and benefit return as a result of donating the property. To do so, complete the Chart for line 33700: Gifts of capital property that is depreciable property on page 2 of Schedule 9, *Donations and Gifts*. Your donation limit cannot exceed your net income for the year. For more information, see Income Tax Folio S3-F4-C1, *General Discussion of Capital Cost Allowance*.

The *Cultural Property Export and Import Act*

The *Income Tax Act* and the *Cultural Property Export and Import Act (CPEIA)* provide tax incentives to individuals who want to sell or donate significant movable cultural property to Canadian heritage institutions or public authorities.

The Canadian Cultural Property Export Review Board (CCPERB) is responsible under the CPEIA (Cultural Property Export and Import Act) for certifying property as cultural property that is of "outstanding significance."

It is also responsible for determining the FMV (Fair market value) of such property for income tax purposes. Deemed FMV (Fair market value) rules may apply. For more information, see Deemed fair market value.

When you donate cultural property to a designated Canadian institution or public authority and the CCPERB (Canadian Cultural Property Export Review Board) certifies it, you do not realize a capital gain. You will have a capital loss if the FMV (Fair market value) of the property at the time you disposed of it was less than the ACB (Adjusted cost base) of the property plus the outlays and expenses you incurred to dispose of the property. Report any capital loss if you have one on line 10, LPP (Listed Personal Property) of Schedule 3. You may use the **eligible amount** of the gift to calculate the non-refundable tax credit. (Adjusted cost base)

After the CCPERB (Canadian Cultural Property Export Review Board) certifies your donation of cultural property, it will provide you with Form T871, *Cultural Property Income Tax Certificate*. However, it must first receive written confirmation from the institution or public authority that the legal transfer of ownership of the donation was made and the gift is irrevocable.

Certification of cultural property

Cultural property includes paintings, sculptures, books, manuscripts, and ethnographic and decorative art material. This property does not have to be of Canadian origin.

If you want your gift to be certified under the CPEIA (Cultural Property Export and Import Act), you need to contact the CCPERB (Canadian Cultural Property Export Review Board).

The CCPERB (Canadian Cultural Property Export Review Board) may determine that an object is of outstanding significance because of its:

- close association with Canadian history or national life
- aesthetic qualities
- value in the study of the arts or sciences

Certification by the CCPERB (Canadian Cultural Property Export Review Board) is only necessary if you want the CRA (Canada revenue agency) to treat your donation as a gift of cultural property. It is not necessary if you want the CRA (Canada Revenue Agency) to treat your donation as a charitable gift to a registered charity or other qualified donee.

Designated institutions and public authorities

Cultural property is eligible for certification only if the receiving institution or public authority is designated by the Minister of Canadian Heritage before the legal transfer of ownership takes place. Designation ensures that institutions receiving cultural property have the appropriate measures in place to collect, preserve, and make cultural property accessible to the public for research or display purposes.

For more information about the CCPERB (Canadian Cultural Property Export Review Board) or the certification of cultural property, contact the Secretariat in one of the following ways:

Review Board Secretariat contact information

Web page	Canadian Cultural Property Export Review Board
Email	**ccperb@tribunal.gc.ca**
Telephone	**613-943-8360**
Toll free	**1-833-254-8944**

Digital services for individuals

The CRA (Canada revenue agency)'s digital services are fast, easy, and secure!

My Account

My Account lets you access your personal income tax and benefit information, and interact with the CRA (Canada Revenue Agency) online throughout the year.

Profile

- Change your address, phone numbers, direct deposit information, marital status, information about children in your care, and language preference
- Edit your notification preferences and receive email notifications when important changes are made to your account
- Manage your authorized representatives and authorization requests
  Manage your multi-factor authentication settings, security options, and personal identification number (PIN)

Tax returns

- View your notice of assessment or reassessment, special elections and returns, carryover amounts, and tax information slips (T4 and more)

Accounts and payments

- View your account balance and statement of account
- Make a payment online to the CRA (Canada Revenue Agency) with the My Payment service, create a pre-authorized debit (PAD) agreement, or create a QR code to pay in person at Canada Post for a fee
- Transfer a payment

Benefits and credits

- View your benefit and credit information, and apply for certain benefits

Savings and pension plans

- View information about your Registered Retirement Savings Plan (RRSP), Tax-Free Savings Account (TFSA), Home Buyers' Plan (HBP), First Home Savings Account (FHSA), and Lifelong Learning Plan (LLP)

Correspondence

- View mail from the CRA (Canada Revenue Agency)
- Submit documents to the CRA (Canada Revenue Agency)
- Submit an audit enquiry
- File a formal dispute
- Request a CPP (Canada Pension Plan)/EI (Employment Insurance) ruling

Additional digital services

- Track the progress of certain files and enquiries you have submitted to the CRA (Canada Revenue Agency)
- View and print your proof of income statement

Receive your CRA (Canada Revenue Agency) mail online

Set your correspondence preference to "Electronic mail" to receive email notifications when CRA (Canada revenue agency) mail, like your notice of assessment, is available in your account. You will no longer receive your CRA (Canada Revenue Agency) mail by paper.

For more information, go to Email notifications from the CRA – Individuals.

Access My Account

To access My Account, go to Sign in to your CRA account and sign in to or register for a CRA (Canada Revenue Agency) account.

For more information

If you need help

If you need more information after reading this guide, go to Charities and giving.

To verify if a charity is registered under the *Income Tax Act*, and access its information returns, see the List of charities and certain other qualified donees – basic search.

Forms and publications

The CRA (Canada revenue agency) encourages you to file your return electronically. If you need a paper version of the CRA (Canada revenue agency)'s forms and publications, go to Forms and publications.

Teletypewriter (TTY) and Video Relay Service (VRS) users

If you use another TTY (Teletypewriter) for a hearing or speech impairment, (Teletypewriter) call **1-800-665-0354**.

Register with Canada VRS (Video Relay Service) to download the app, by going to Get started with Canada VRS, and call the VRS (Video Relay Service) line.

If you use an **operator-assisted relay service**, call the CRA (Canada revenue agency)'s regular telephone numbers instead of the TTY (Teletypewriter) or Canada VRS (Video relay service) numbers.

Formal disputes (objections and appeals)

You have the right to file an objection or an appeal if you disagree with an assessment, a determination, or a decision.

For more information, go to File an objection.

CRA service feedback program

Service complaints

You can expect to be treated fairly and to receive a high level of service every time you interact with the CRA (Canada Revenue Agency).

You can provide compliments or suggestions; however, if you are not satisfied with the service you received:

- You may save time by calling the CRA (Canada Revenue Agency) first depending on your situation. You can call the telephone number provided in your CRA (Canada Revenue Agency) correspondence or discuss your concerns with the employee you have been dealing with. If you do not have a contact number, go to Contact the Canada Revenue Agency (CRA)
- You can ask to discuss the matter with the employee's supervisor if you have not been able to resolve your service issue
- You can submit feedback by filling out Form RC193, *Service Feedback*, if the issue remains unresolved. For more information, go to Send feedback about CRA service

- You may contact the Office of the Taxpayers' Ombudsperson if you are not satisfied with the response you have received. The Ombudsperson will only respond to complaints that the CRA (Canada Revenue Agency) has already tried to address

For more information about the Taxpayer Bill of Rights, go to Taxpayer Bill of Rights.

Reprisal complaints

If you received a response about a previously submitted service complaint or formal review of a CRA (Canada Revenue Agency) decision and felt that you were not treated fairly by a CRA (Canada Revenue Agency) employee, you can submit a reprisal complaint by filling out Form RC459, *Reprisal Complaint*.

For more information, go to Reprisal Complaints.

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