

## Donations of Publicly-Traded Shares / Mutual Funds Income Tax Consequences

Prior to the budget of May 2, 2006, the inclusion rate - the amount of the gain included into the calculation of your taxable income – was set at 25% for publicly-traded shares and mutual funds when these were donated to a charitable organization. **The latest Federal budget changed the inclusion rate to now be 0%.**

In real dollar terms, assume the following scenarios of an individual who has taxable income which includes a capital gain on the sale of publicly-traded shares. Under this scenario, shares are not donated to a charity:

Taxable Income	50,000	100,000	150,000	200,000
Capital gain of	10,000	10,000	10,000	10,000
Tax on capital gain:	1,708	2,170	2,320	2,320

Now, assume the same individual donated their shares to the Stratford General Hospital Foundation:

Taxable Income	50,000	100,000	150,000	200,000
Capital gain of	10,000	10,000	10,000	10,000
Tax on capital gain:				
- old rules	929	1,085	1,160	1,160
- new rules	0	0	0	0

The real dollar effect can be summarized then as follows, using the above scenario:

Taxable Income	50,000	100,000	150,000	200,000
Capital gain of	10,000	10,000	10,000	10,000
Tax – no donation	1,708	2,170	2,320	2,320
Tax - donation	0	0	0	0
Real tax dollar savings	1,708	2,170	2,320	2,320