



Tax

Cash not only option for charitable giving

By AdvocateDaily.com Staff



Many donate to charities to have a sense that their money is going to a purpose they believe in, but there are other things taxpayers can give besides cash, Toronto tax litigator [Adrienne Woodyard](#) tells [CBC News](#).

As the article notes, taxpayers can donate "gifts in kind," such as artwork and real estate, which provide the same tax credit as if you had given cash.

Woodyard, partner with Davis LLP, tells CBC that this approach is a "win-win situation," as you can give to your preferred charity and save yourself the trouble of making arrangements to sell the item or property on the private market.

Taxpayers can also donate a life insurance policy, Woodyard says in the article.

"If a policy is donated during the life of the insured, the insured will typically be considered to have made a gift equal to the cash surrender value of the policy," she says. If you continue to pay premiums on the policy, each payment is considered an additional donation that entitles you to a tax credit, says the article.

You can also name a charity as a beneficiary of your policy, which Woodyard explains will entitle your estate to a tax credit based on the total payable under the policy, "an excellent way to reduce the taxes that would otherwise be payable by the estate."

However, when it comes to charitable giving, Woodyard tells CBC that taxpayers should beware of tax shelters, namely, being promised a receipt for an amount that is more than your contribution.



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"If you're being presented with a plan that purports to allow you to profit by way of a tax refund from the donation you're making...the CRA is virtually guaranteed to challenge it," she says in the article.

The CRA, she explains, is likely to reject the tax credit based on the inflated amount, and perhaps even the actual amount of the donation. The agency may also impose a penalty for participating in the arrangement, she adds, and it can take years to assess shelters.

Ultimately, Woodyard tells CBC, taxpayers should do their due diligence on any donation arrangement that doesn't feel right, and run it by an accountant or lawyer.

"Going into something like this blindly will almost never benefit [you] and can result in some very unpleasant surprises in the future," she says.