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By Donald Johnson

I was pleased to see that Jack Mintz (Charitable Refunds Must Be Realistic, Sept. 17) wrote on Malcolm Burrow's paper for the C.D. Howe Institute, on how to facilitate charitable giving of real property and private company shares, "Unlocking More Wealth: How to Improve Federal Tax Policy for Canadian Charities." However, I was disappointed that he does not support Burrows' proposals.

Dr. Mintz raises what historically have been problems with respect to "valuation abuse," but he overstates his case.

First, whether the value of an asset falls or rises between when it is donated and when it is sold is inconsequential to Burrows' proposals. The tax credit the donor receives is based on the cash the charity receives at the time of sale, not on a potentially higher third-party valuation at the time of donation. Only the actual proceeds matter.

Dr. Mintz also overstates the issue of determining capital gains from donated real estate. The capital gains portion, and its attendant tax, eventually needs to be determined regardless of whether the asset is donated. Determining what portion of an asset sale is to be donated and apportioning gains accordingly is an easy step, and again, donors would receive a tax credit only with respect to the

donated cash proceeds of the sale.

Based on my experience in fundraising for charities, I have found that the vast majority of donations are made by arms-length donors, so third-party valuations are required only occasionally. Tax authorities have experience administering such processes, in the US in particular, and such third-party valuations do protect the system from abuse.

It is my hope and expectation that these practical proposals receive the serious consideration they deserve.

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