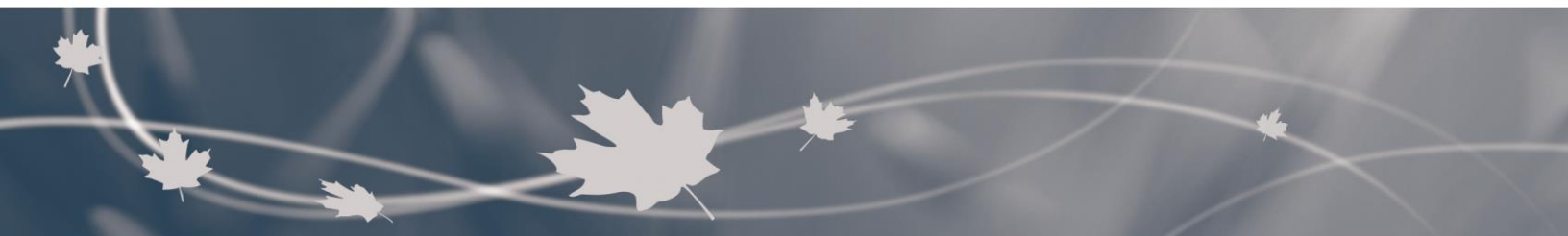




Environment  
Canada

Environnement  
Canada



# The Ecological Gifts Program in Atlantic Canada

A Step-by-Step Guide  
2015



Canada 

**To contact the Ecological Gifts Program in Atlantic Canada:**

Ecological Gifts Program  
Canadian Wildlife Service  
Environment Canada  
17 Waterfowl Lane  
Sackville NB E4L 1G6  
Telephone: 506-364-5044  
Fax: 506-364-5062  
Email: [pde-egp@ec.gc.ca](mailto:pde-egp@ec.gc.ca)

ISBN: 978-1-100-25957-4

Cat. No.: CW66-523/2015E-PDF

Unless otherwise specified, you may not reproduce materials in this publication, in whole or in part, for the purposes of commercial redistribution without prior written permission from Environment Canada's copyright administrator. To obtain permission to reproduce Government of Canada materials for commercial purposes, apply for Crown Copyright Clearance by contacting:

Environment Canada  
Inquiry Centre  
10 Wellington Street, 23rd Floor  
Gatineau QC K1A 0H3  
Telephone: 819-997-2800  
Toll Free: 1-800-668-6767 (in Canada only)  
Fax: 819-994-1412  
TTY: 819-994-0736  
Email: [enviroinfo@ec.gc.ca](mailto:enviroinfo@ec.gc.ca)

Cover photo: Wreckhouse (Codroy Valley), Newfoundland and Labrador  
Peter Thomas © Environment Canada

© Her Majesty the Queen in Right of Canada, represented by the Minister of the Environment, 2015

Aussi disponible en français

# The Ecological Gifts Program in Atlantic Canada

## A STEP-BY-STEP GUIDE 2015

*The Ecological Gifts Program provides a way for Canadians owning ecologically valuable land to protect nature while at the same time receiving tax benefits. Established in 1995 and administered by Environment Canada, the program has protected 170 000 hectares of habitat and over 1100 properties across Canada. Gifts can either be outright donations or conservation easements that enable the landowner to retain ownership with certain restrictions.*

*The intent of this document is to guide those interested in participating in the Ecological Gifts Program through the required steps in making a donation. The intended audience is both potential donors and recipients. For more information, visit the program's website at [www.ec.gc.ca/pde-egp](http://www.ec.gc.ca/pde-egp) or contact the Regional Ecological Gifts Program Coordinator.*

## STEP 1) WHY CHOOSE ECOLOGICAL GIFTS?

*The Ecological Gifts Program provides tax benefits to Canadians who donate ecologically sensitive lands to eligible recipients. Eligible recipients include non-governmental organizations, municipalities, provinces and the federal government.*

☐ Program features for gift donors:

1. Capital gains exemption: If a capital gain was realized on a property, the taxable portion of the gain is eliminated.
2. Penalty provisions do exist to protect the ecological value of the property: once a gift has been made, if the recipient was to allow an unauthorized disposition or a change in the property's use (e.g., construction), a tax equal to 50% of the fair market value of the property could be applied on the recipient.
3. Conservation easements are eligible in New Brunswick, Nova Scotia and Prince Edward Island. Provincial legislation for conservation easements does not exist in Newfoundland and Labrador.

4. Split-receipting is allowed, which is when an advantage (i.e., typically money) has been received for a donation, provided it does not exceed 80% of the fair market value.
  5. For individual donors, a tax credit of 29% is applied to the value of the donation above \$200 (15% is applied to the first \$200).
- ☐ For more detailed information on the ecological gifts program, please consult *The Canadian Ecological Gifts Program Handbook*, which is available on the Ecological Gift Program's website ([www.ec.gc.ca/pde-egp](http://www.ec.gc.ca/pde-egp)).
  - ☐ For financial planning assistance, please request a copy of the *Donation and Income Tax Scenarios* fact sheet and obtain professional advice. The document is also available on the website ([www.ec.gc.ca/pde-egp](http://www.ec.gc.ca/pde-egp)).
  - ☐ Additional information on program features can be found in Appendix A.

## STEP 2) HAVE PROPERTY CERTIFIED AS ECOLOGICALLY SENSITIVE

*Environment Canada is responsible for certifying proposed gifts and issues Certificates of Ecologically Sensitive Land for qualifying donations. This certificate will need to be retained by the donor for the income tax return.*

- ☐ Either the donor or recipient should send the information listed in Appendix B to the regional coordinator. It is not necessary to use the template if the information is provided in another manner.

## STEP 3) HAVE PROPERTY APPRAISED

*All proposed ecological gifts must be appraised by an independent appraiser and then submitted to Environment Canada, where the property's fair market value will be evaluated before issuing the final Statement of Fair Market Value. The appraisal must be submitted along with the application (step 4) to the regional coordinator. The appraisal will be forwarded to an independent appraisal review panel, which will review the document and recommend to Environment Canada that the value be supported, adjusted, or that more information is required.*

- ☐ Hire an independent appraiser who is qualified to conduct and sign the appraisal. For further information on engaging a qualified appraiser and the appraisal process, consult the *Engaging an Appraiser to Appraise an Ecological Gift* and *Guideline for Appraisals* documents, which can be found in the Certifying the Value of the Donation section of the Ecological Gifts website ([www.ec.gc.ca/pde-egp](http://www.ec.gc.ca/pde-egp)).

- ☐ Ensure that the appraisal has the following:
  1. Copies of current title documents or a Property Identifier (PID) that can be easily referenced (PIDs alone are sufficient for New Brunswick and Nova Scotia gifts).
  2. Appraiser's signature.
  3. A Letter of Transmittal.
  4. A definition of fair market value or market value.
  5. A declaration of interests being valued (e.g., fee simple or easement).
  6. A signed Certification Statement that, among other industry standards, includes **the following two statements:**
    - i. *"I acknowledge that Environment Canada can rely on the opinion (regardless of who commissioned the report) and that the purpose of the report is to establish the fair market value of the donation for the issuance of a tax receipt under the Income Tax Act."*
    - ii. *"I acknowledge that Environment Canada can make additional copies of this report for review purposes."*
  7. An effective date within six months of the date that the application for appraisal review is received by Environment Canada (step 4).
- ☐ Three colour copies of the appraisal report should be submitted to Environment Canada. Digital PDF files, in colour, with a digital signature are also acceptable.
- ☐ If any information is missing from the appraisal, please contact the regional coordinator.

## STEP 4) APPLY FOR APPRAISAL REVIEW

*The application for appraisal review should be signed by the donor and submitted to Environment Canada along with the completed appraisal.*

- ☐ Separate application forms must be submitted and signed by all owners listed on title.
- ☐ Title documents proving ownership must be submitted to Environment Canada along with the application. Proof may be needed that there are no outstanding mortgages or liens on the land.

## STEP 5) HAVE APPRAISAL REVIEWED

*Once the property has been ecologically certified, appraised and reviewed by the regional coordinator, the file will be forwarded to the independent appraisal review panel. The panel has a 90-day service standard for issuing a response. If the panel has questions about the appraisal, a letter will be sent to the donor with a copy going to the recipient and the appraiser. If there are no questions, or once questions have been addressed, a Notice of Determination of Fair Market Value of an Ecological Gift is issued to the donor with a copy sent to the recipient. The donor is given three options on the Notice, acceptance, a request for re-determination, or withdrawal. If accepted, the donor can be assured that the file will be accepted as an Ecological Gift by Environment Canada once transferred.*

## STEP 6) HAVE TITLE TRANSFERRED

*After receipt of the Notice of Determination of Fair Market Value by the donor, the following must occur:*

- ☐ Transfer title from the donor to the recipient.
- ☐ Submit proof of transfer to the regional coordinator.
- ☐ Sign Notice of Determination of Fair Market Value (if multiple donors exist, each will receive a notice) and return to Environment Canada.

## STEP 7) OBTAIN STATEMENT OF FAIR MARKET VALUE AND FINALIZE DONATION

*Once the regional coordinator has received evidence that the donation has been completed, a Statement of Fair Market Value of an Ecological Gift pursuant to the Income Tax Act of Canada will be issued to the donor. The Statement must be maintained for income tax purposes along with the Certificate of Ecologically Sensitive Land.*

## STEP 8) MANAGE ECOLOGICAL GIFT

*An Ecological Gift exists in perpetuity. It is the recipient's responsibility to ensure that the gift's natural values are maintained. The recipient should be aware that unauthorized changes in use or disposition are not permitted under the Income Tax Act. If such changes do occur, as per section 207.31 of the Income Tax Act, the recipient may be subjected to a tax equal to 50% of the land's fair market value. Before undertaking any changes in use or disposition, written consent must be obtained from Environment Canada, even if the changes are perceived to be beneficial.*

## Appendix A – Points to Consider

- ☐ The Ecological Gifts Program is a mechanism by which Canadians can donate ecologically sensitive land without being subject to capital gains tax.
- ☐ In addition to capital gains tax exemptions, the gift can be used as a tax credit, for individuals 15% for the first \$200, and 29% thereafter.
- ☐ Recipients must get authorization from Environment Canada prior to undertaking a proposed change in the property's use (e.g., construction) or disposition of an Ecological Gift. A penalty of 50% of the property's fair market value may be applied to recipients for any unauthorized occurrences.
- ☐ Conservation easements are eligible as Ecological Gifts if legislation is in place in the applicable province (i.e., New Brunswick, Nova Scotia and Prince Edward Island).
- ☐ There is no limit on the total value of the gift that can be used for income tax purposes within a given year.
- ☐ Effective February 11, 2014, there is a carry-forward provision of 10 years to utilize the tax credit for an Ecological Gift if not fully utilized in a given tax year. Donations made before this date have a 5-year carry-forward provision.
- ☐ The year in which the gift (i.e., title transfer) was made is the relevant date for tax purposes, not the application date or the date on the *Statement of Fair Market Value*.
- ☐ A gift is eligible for the Ecological Gifts Program even if it has already been transferred to a recipient. Environment Canada will consider past donations if the application is received within three years from the end of the taxation year when the gift was made.
- ☐ Split-receipting is permitted, whereby an advantage (e.g., cash payment) has been received for a donation, provided it does not exceed 80% of the fair market value.

- ☐ Inventory lands will be accepted as Ecological Gifts but may not be subject to the same tax benefits as capital donations. Inventory lands are defined as lands acquired by the owner for resale during the normal course of doing business. The Canada Revenue Agency determines whether a property would be classified as inventory land. If unsure whether a proposed donation might be determined to be inventory land, please seek advice from a professional, such as a lawyer or accountant.



## Appendix B – Certifying a Property as Ecologically Sensitive

*The following is information that Environment Canada requires prior to issuing a Certificate of Ecologically Sensitive Land for a donation. This information also provides baseline information on the property's ecological nature.*

1. Donor information (should match all names listed on title)

Name

Contact name if donor is a corporation

Address

Telephone number

Email

2. Recipient information

Name

Address

Contact person

Telephone number

Email

Charitable registration number

3. Legal description

4. Type of donation:

\_\_\_\_\_ fee simple

\_\_\_\_\_ conservation easement

\_\_\_\_\_ other (specify)

5. Size of donation

6. Assessment of ecological character

7. Has the donation been made yet?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

8. Habitat and site characteristics

The property is approximately:

\_\_\_% Forest

\_\_\_% Wetland

\_\_\_% Native grassland

\_\_\_% Riverine/Riparian zone

\_\_\_% Cliff

\_\_\_% Dune

\_\_\_% Residential/Lawn

\_\_\_% Agricultural

\_\_\_% Other     Describe:

\_\_\_ Lakefront (yes/no)

    If yes, approximate shoreline frontage:

\_\_\_ Riverfront (yes/no)

    If yes, approximate shoreline frontage:

\_\_\_ Coastal (yes/no)

    If yes, approximate shoreline frontage:

9. Species at risk present (attach relevant reports, references, etc.)

10. Species present (an inventory of all species present is not required; however, if there are important species present or considerable concentrations, please indicate, e.g., an important bird colony)

11. Structures on property (list them)

12. Ecological information sources (include copies of reports, etc.)

13. Is this area identified as a priority in systematic habitat conservation planning process (e.g., Habitat Conservation Strategy, or internal process)?

14. Purpose of donation and future intentions

## 15. Ground-based pictures and available air photos and satellite imagery

### Potential attachments:

- Site map (donation, and easement zones should be clearly marked)
- Aerial image or photographs
- Species lists
- Dated and signed final draft conservation easement agreement
- Confirmation from recipient to accept donation as ecological gift
- Copy of transfer/deed of land or title
- Relevant reports and reference documents
- Legal documents (e.g., confirmation of executor)

**[www.ec.gc.ca](http://www.ec.gc.ca)**

Additional information can be obtained at:

Environment Canada

Inquiry Centre

10 Wellington Street, 23rd Floor

Gatineau QC K1A 0H3

Telephone: 1-800-668-6767 (in Canada only) or 819-997-2800

Fax: 819-994-1412

TTY: 819-994-0736

Email: [enviroinfo@ec.gc.ca](mailto:enviroinfo@ec.gc.ca)