Conservation Land Donation Tax Estimator

Questions for Your Accountant

As noted, this tool is only an 'Estimator', not a 'Calculator.' Getting the full financial picture means working with ***your*** accounting, tax or financial advisor.

When you sit down with your accountant or advisor, here are a few questions you need to ask to make sure you fully understand the impact of a conservation land or easement donation on your unique tax situation.

Optimizing a tax receipt

Donors of conservation land and easements often receive a large tax receipt to use against what is a modest income, meaning the full value of the receipt is not usable in the year of donation. The unused portion of the receipt *can* be used in future years, but careful planning may be needed to optimize the use of it.

- How would a large tax receipt affect my taxes? Would it be available to address taxes in future years? How many years?
- How could a large tax receipt be used in my unique estate and/or succession planning situation?
- Would there be a benefit to me in staging the donation of multiple parcels / conservation easements over time to maximize tax benefits?

Lifetime Capital Gains Exemption

If the land or conservation easement involves Qualified Farm or Fishing Property, you may be able to use your Lifetime Capital Gains Exemption (LCGE).

- Am I eligible to use a Lifetime Capital Gains Exemption?
- If yes, how much of mine is available? How much should I use?

Estate planning

Many tax burdens become due at the point when land is transferred, like capital gains taxes, including when land is transferred to a child or heir and the LCGE does not apply or is exceeded, meaning they inherit the accumulated capital gains burden as well as the property. The tax receipt from a conservation easement donation can be used to offset these taxes or other unrelated tax burdens.

- Do I have unrelated tax burdens that a large tax receipt could help address?
- If I plan to pass land on to my child, and I donate a conservation easement now, how can I use the tax receipt to reduce the capital gains burden I am transferring to them? (i.e., create a new Adjusted Cost Base for them).

EcoGift

Certain gifts of conservation land or easements may meet the federal government definition of a 'gift of ecologically sensitive property' (or EcoGift) and be eligible for tax benefits. (*NB: Not all qualified recipients of conservation easements participate in the EcoGifts program – check with the organization you are donating to*).

- How would my taxes be affected if my gift were certified as an EcoGift?

Other Considerations

Alternative Minimum Tax

To close loopholes for high-income earners, the federal government sets thresholds for when the usual tax calculation is replaced with an Alternative Minimum Tax calculation. This may apply to conservation land or easement donors where the disposition of land pushes them into a high enough income bracket.

- Will I need to consider the Alternative Minimum Tax calculation if I donate conservation land or a conservation easement?

Corporately-held Lands

The charitable tax receipt provided in exchange for a conservation land or easement donation is used differently by an individual (a non-refundable tax credit) versus a corporation (applied against taxable income).

- How will the tax receipt apply if the donation of conservation land or easement is for assets held by a corporation I am a party to?
- How will my personal taxes be affected when my corporation donates conservation land or easements?
- How can I utilize the capital dividend account balance generated by the donation?

Inventory Lands

For some holders of land, these assets are 'capital', subject to capital gains taxes when they are disposed of. For others they are 'inventory', which is not subject to capital gains taxes, but is subject to income taxes.

- Are any of the land assets I am planning to donate "inventory lands" (and ineligible for capital gains exemptions)?

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