



Tax deductions for gifts of shares or real estate

The University of Sydney has deductible gift recipient status, which means that gifts over \$2 are tax deductible.

How much will the tax deduction be? For a gift of cash, the deduction is simply the face value of the gift. For a gift of property such as listed shares or real estate, the size of the tax deduction depends on when the property was acquired and when it was given to the University.

Unless the property is valued by the Commissioner at more than \$5,000 or is trading stock under certain circumstances, the amount of the deduction is either the market value of the property on the day you made the gift or the amount you paid for the property – which ever is the smaller.

If the gift is property is valued by the Commissioner at more than \$5,000 and you bought the property more than 12 months before making the gift, the amount of the deduction is the value of the property (as determined by the Commissioner).

A gift of property is normally also a disposal for capital gains tax purposes. Where the donor receives nothing in return for the disposal, the capital gain is calculated as if the proceeds from the sale were equal to the market value of the property before the disposal.

In summary: a gift of property you acquired more than 12 months before making the gift will give rise to an assessable capital gain, but it will also give rise to a deduction equal to the market value of the property at that time.

Individual circumstances may vary so we recommend discussing with your financial adviser how a gift of shares or real estate may be the appropriate vehicle for you to show your support for the University.

Please see page 2 for examples of the above.

Example 1

A donor paid \$1,000 for shares which now have a market value of \$1,200. If she gifts the shares to the University:

| | Where she has held the property less than 12 months | Where she has held the property more than 12 months |
|--------------------|---|---|
| Donation deduction | \$1,000 | \$1,000 |
| Capital gain | \$200 | \$100 Discount CGT where asset acquired at least 12 months before disposal |
| Net deduction | \$800 | \$900 |

Example 2

A donor paid \$10,000 for shares which now have a market value of \$12,000. If he/she gifts the shares to the University:

| | Where he/she has held the property less than 12 months | Where he/she has held the property more than 12 months |
|--------------------|--|--|
| Donation deduction | \$10,000 | \$12,000 |
| Capital gain | \$2,000 | \$1000 Discount CGT where asset acquired at least 12 months before disposal |
| Net deduction | \$8,000 | \$11,000 |

Giving property in a will

A gift to the University of Sydney in a will is not deductible to the estate, but equally, any capital gain arising from the disposal of the property to the University is disregarded. This means there are no tax implications to the estate arising from the gift under the will. We would be happy to discuss your individual circumstances with you when you are considering naming the University in your will, after which we would recommend that you discuss your arrangements with your financial and/or legal adviser.