

Tax Tip
Week of May 11, 2009
Gifting Shares to Adult Children

If an individual owns shares with an unrealized loss, consider the following strategy:

- gift the shares to a child who is at least eighteen years of age
- the parent is deemed to dispose of the shares at fair market value and therefore receives a capital loss
- the child is deemed to acquire the shares at fair value. The attribution rules do not apply to such a transaction, therefore the future capital gains and dividend income will be taxable to the child, rather than the parent who made the gift