

NEWSLETTER

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JANUARY 1981 Vol. 9 No. 1 John Leaning, President Jennifer Roddick, Editor

MEMBERSHIP RENEWAL

Is your name on the attached list of paid-up members? If not, you may correct the situation by renewing your membership using the form below. Those who have not renewed their memberships by February 16 will not receive the next issue of the Newsletter.

HERITAGE DAY BALL

The Château Laurier Hotel is sponsoring a Heritage Dinner/Dance to commemorate Heritage Day. The theme of the evening is "Jazz of the 30's" and will be held on the eve of Heritage Day, Sunday, February 15.

For further information concerning this unique event please contact the hotel at 232-6411.

VOLUNTEERS NEEDED

If you have a few spare hours would you please lend a helping hand at the Billings House, Sunday, February 15. Last year the House was swamped with thousands of visitors! Please call Vera Campbell for further information at 236-8009.

A woman interested in helping other women is also required to sit on the

Ottawa Chapter of the Council of Women that meets from 12-2 p.m. at the CNIB Building on McLeod and Metcalfe Streets. For additional details, please call Diane Holmes at 232-4794.

HERITAGE GRANT

Heritage Ottawa has received a grant in the amount of \$444.20 from the Ministry of Culture and Recreation in support of our activities. This is our 1st receipt of a grant from the Ministry. Possible uses for this grant are now being discussed by the Board.

The Ministry's funds are limited this year and we appreciate their encouragement of our endeavours as evidenced by this donation.

INCOME TAX ACT

Over the past several years, Heritage Canada has approached the Federal Government with proposals to amend the Income Tax Act in favour of heritage preservation.

In support of these efforts, the City Councils of Winnipeg, Ottawa, Halifax, Toronto and the Federation of Canadian Municipalities have endorsed similar proposals for amending the Income Tax Act.

"Heritage Winnipeg" has written to Heritage Ottawa asking for support to take their proposed amendment to the Act to Ottawa.

HERITAGE OTTAWA

MEMBERSHIP APPLICATION

Send to: Heritage Ottawa, Box 510, Station B, Ottawa, K1P 5P6

New Membership
Renewal
Gift Membership

Individual	\$7 <input type="checkbox"/>
Household	\$10 <input type="checkbox"/>
Senior Citizen	\$4 <input type="checkbox"/>
Student	\$4 <input type="checkbox"/>

Name _____ Telephone _____

Address _____

City _____ Postal Code _____

Membership expires September 30, 1981.

HERITAGE OTTAWA, P.O. Box 510, Stn. B, Ottawa, Ontario, K1P 5P6

Following are excerpts from a pamphlet received from Heritage Winnipeg in which they use quotes from 'Management of the Cultural Landscape" (Heritage Canada 1979).

When a person owns investment property, he can deduct depreciation from his taxable income. When he "disposes" of the property, if he had deducted depreciation in excess of the real drop in market value, then this overdepreciation will be brought back into taxable income. This is called "recapture" of depreciation: it makes sure that a person cannot claim deductions on his tax return for "depreciation" which never really took place.

Every owner of depreciable property is subject to this rule - with one exception: a person who demolishes his building is exempt from the "recapture" provisions of The Income Tax Act. For example, an owner who donated his building to charity or to the government might still incur a taxable "recapture" of depreciation, but an owner who disposes of a building by demolition escapes any possibility of recapture. Consequently, he is in a much more favourable position than other tax-payers.

The reason for this unequal treatment is that demolition is the only way in which one can dispose of a building in practice without having "disposed" of it according to the Income Tax Act. Since "recapture" can only occur when the building has been "disposed of", then there can be no recapture on demolition.

This problem has an even more drastic consequence. Since the Income Tax Act says that a demolished building has not been "disposed of", it says that the building which has disappeared has gotten "LOST". In the case of an investment property, this "lost" building is called a "terminal loss". It is entirely deductible from taxable income. For example, if an owner demolished a building with a book value of \$100,000 he could deduct that entire value from his taxable income. If the deduction cannot be claimed all in one year, it can be spread over a maximum of seven years.

The Income Tax Act, provides no incentive whatsoever to renovation.

Unlike the recent tax treatment of new high density residential construction, there are no tax shelters for renovation. Unlike the case of other desirable expenditures which promote national identity (e.g. film production), there is no accelerated depreciation permissible for efforts to spruce up the national heritage. Unlike the case of the United States, there are no tax deferrals possible to help renovators over the crucial initial years of a renovation project.

Heritage Winnipeg makes the following proposals:

1. Rehabilitation costs incurred in respect of a designated historic building would be deductible in their entirety over a three-year period.
2. A purchaser of a designated historic building who proceeds to "substantially" rehabilitate it, in addition to having available the accelerated write off for the rehabilitation costs outlined in the first point, would also be able to deduct his purchase cost over a period of five years.
3. The accelerated write-offs outlined in the first two points would operate as a tax shelter (that is, if such write offs created a loss in a year in respect of the designated historic building, such loss would be available to off-set other sources of income of the owner of the building).
4. There would be no terminal loss triggered on the demolition of a designated historic building (that is, the undepreciated capital cost remaining in respect of the building would not be useable as a deduction in the year of demolition).

Heritage Ottawa agrees as an organization to stand behind Heritage Winnipeg in its efforts to change the Income Tax Act in favour of restoration as opposed to demolition. Your individual support would be appreciated. You will find below a reprint of a pledge form from Heritage Winnipeg. Please feel free to sign your support and forward the form to: Heritage Winnipeg Corporation, 311-63 Albert Street, Winnipeg, Manitoba R3B 1G4