

For Immediate Release.

Charities Empowered by Federal Budget

Elimination of capital gains tax a win for donors and charities

Ottawa, Wednesday May 3, 2006. Yesterday's Federal Budget announced that donations of publicly listed securities to registered charities would be exempt from capital gains tax, effective immediately.

"The elimination of capital gains tax on gifts of publicly-traded stocks signals the Government's recognition of Canada's more than 161,000 charitable and nonprofit organizations, and the millions of volunteers who better the lives of Canadians," says Georgina Steinsky-Schwartz, president and CEO of Imagine Canada. "Imagine Canada has been a strong advocate for this measure, and we are pleased about its inclusion in yesterday's Budget."

It has been estimated that this new measure could pave the way for an additional \$300 million in annual donations.

When the capital gains inclusion rate was initially reduced in 1997, donations of listed securities grew from \$69 million to about \$200 million in 2004. The measure announced in yesterday's Budget will apply to donations made on or after June 2, 2006. It will also extend to donations of ecologically-sensitive lands and will assist Canada's landowners and conservation groups in their efforts to preserve Canada's natural heritage.

Charitable donations by individual Canadians account for about 11% of funding to Canada's registered charities. Canada's charitable and nonprofit sector makes a significant contribution to the economy, engaging over 2 million Canadians in paid employment and more than 6.5 million as volunteers, and accounting for 7.8% of GDP when the value of volunteering is included. Charitable and nonprofit organizations play a vital role in delivering public services, including literacy training, second language skills, victim support, safe communities, crisis intervention, health research, emergency shelter, economic and natural disaster relief, and return to work programs.

Imagine Canada supports Canada's charities, nonprofit organizations and socially conscious businesses and champions the work they do in our communities.

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