

Philanthropy in action

Expert opinion

Tax credit needed to help Canadians stretch giving

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Charities and non-profits provide critical social, family and community services in every corner of our country. They enhance our quality of life through sport and recreation, arts and culture, health, educational, faith-based, environmental and philanthropic pursuits. They also play an important role in improving the lives of people in developing countries around the world.

They are a significant part of our economy, generating more than \$87 billion annually, almost seven per cent of Canada's GDP. The sector also employs more than 1.5 million Canadians (full-time equiva-



lents) and mobilizes 12.5 million volunteers.

These community organizations are part of an intricate system of societal supports that make us a country that actually works despite our economic and social challenges. Without them, the challenges we face would be greater and our quality of life would be profoundly diminished. Take charities and

non-profits out of the equation and we would not have the Canada that we know and value.

While charities and non-profits raise revenues from a variety of different sources, for most charities donations represent a crucial component of the resources they need to do their work. Eighty-four per cent of Canadians give to charities in one manner or another.

However, there are troubling signs that our charitable donor base is shrinking. Actually, only 24 per cent of Canadian tax filers claimed charitable donations in 2007, compared to 30 per cent in 1990. At the same time, research shows that over half of current donors would give more with better tax incentives.

We need to act now to renew and grow Canada's

charitable giving base so that charities can continue to contribute to our collective well-being here in Canada and around the world.

That's why Imagine Canada proposes a stretch tax credit for charitable giving, an innovative approach to support Canadians in their giving.

This initiative would increase the current federal charitable tax credit for donations over \$200 (to a maximum of \$10,000) from 29 per cent to 39 per cent, but only on giving that exceeds the donor's previous highest level. Only new giving would qualify for the enhanced rate, serving as an incentive for Canadians to 'stretch' their giving.

With a new tax incentive, we can encourage Canadians who have not previously given more than \$200 to do so for

the first time. It will also encourage those who already give at this level to give a little more. This will result in higher levels of giving. Thirty-two per cent of Canadians already donate more than \$200 annually, accounting for 91 per cent of all giving in the country. A five per cent increase in giving over \$200 could generate \$411 million of new investment in Canada's charities and the communities they serve.

The stretch tax credit will primarily benefit working families and middle-income Canadians who tend to donate income and have benefited less from previous tax measures aimed at encouraging larger gifts of assets. Charities of all sizes across Canada, including smaller and rural charities, that rely more on gifts of income for support will also benefit.

Canada needs a stretch tax credit for charitable giving.

As governments move beyond stimulus spending to tackle growing fiscal deficits and businesses work to regain lost ground in the recent recession, charities are valiantly working to meet growing demand and emerging needs of Canadians.

The federal government can work in partnership with Canadians and the charities they support by encouraging more Canadians to give and for those who do give, to give more.

Let's seize the opportunity to enhance our charitable giving environment thereby sustaining and enhancing the type of communities in which Canadians will want to live, work and invest, today and in the decades ahead. ■

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