



Councillor Paul Ainslie

Toronto City Council
Scarborough East - Ward 43

Chair, Scarborough Community Council
Chair, Government Management Committee

Date: May 14, 2012
To: Executive Committee
From: Councillor Paul Ainslie
Re: Donation Tax Credits

The current economy has shown a drop in charitable donations made to social organizations. This decrease is putting a strain on governments as they are being called on to increase their grant base. Increasing the envelope for grants at the municipal level is not feasible as cities across Canada Toronto included are working through their financial difficulties in order to support their current city services.

Requesting a review of the provincial donation tax credit to encourage individuals to donate what they can would better serve the issue of declining donations.

Currently the provincial tax credit for donations under \$200.00 is 5.05%, over \$200.00 qualifies for an 11.16% tax credit. A donation of \$400.00 would have a combined federal and provincial tax credit of \$120.42:

The federal charitable tax credit rate is 15% on the first \$200.00 and 29% on the remaining \$200.00. The federal tax credit $(15\% \times \$200) + (29\% \times 200) = \88.00 . The provincial tax credit rate is 5.05 percent on the first \$200.00 and 11.16 percent on the remaining \$200.00, the provincial tax credit is therefore $(5.05\% \times \$200) + (11.6\% \times \$200) = \$32.42$, providing for a \$120.42 tax credit.

Raising the provincial tax credit to 15% for all donations would increase the provincial tax credit to \$60.00 on a \$400.00 donation for a combined tax credit of \$148.00, giving contributors who donate under \$200.00 an incentive to contribute more frequently.

It would also be beneficial if the provincial tax credit was more in line with the tax credits given by other Canadian Provinces.

Tax rates can be viewed at <http://www.cra-arc.gc.ca/chrts-gvng/dnrs/svngs/clmng1b2-eng.html>

Recommendation:

1. That the Executive Committee recommend that Toronto City Council direct the City Manager to correspond with the Ontario Ministry of Finance to request that the Province review their donation tax credit rates for the purpose of raising the provincial tax credit to 15% for all donations including those under \$200.00.
2. That the City Manager further request that the Ontario Ministry of Finance review the provincial tax credits given by other Canadian provinces to ensure that the Ontario is offering equal incentives to Ontario residents.

Sincerely,
Councillor Paul Ainslie
Scarborough East Ward 43

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