House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

○ **an organization** **Organization name:** _____

or

◉ **an individual** **Name:** Dr. Amit Chakma

Topic: Please select from the pull-down menu

*Recommendation 1: Please provide a short summary of your recommendation.

On behalf of Western, I recommend the Government amend the Income Tax Act to exempt charitable donations of private company shares and real estate from capital gains taxes. This would capitalize on the enormous success of the 2006 budgeted removal of the remaining capital gains tax on charitable gifts of listed securities. Since 2006, Canadian charities have received $1 billion annually in gifts of stock; Western alone has received $28 million in donated publicly traded securities. This has greatly benefited our commitment to providing students with excellence in teaching and research.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This proposal is tax effective from the Federal Government's perspective. By reducing program spending by $50-65 million per annum, the Government would enable the whole charitable sector to access $200 million of incremental funding from the private sector. This incremental funding would help offset the shortfall in funding for health care, education, social services and arts and culture at a time when governments at all levels are focused on reducing and eliminating deficits, primarily through spending cuts and restraint.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This measure would benefit all stakeholders in the not-for-profit sector throughout Canada, including the 2.1 million Canadians who are employed by hospitals, universities, social service agencies, visual and performing arts organizations, as well as the millions of Canadians who benefit from the vital services delivered by the charitable sector. The revenues this proposal could infuse into the postsecondary system will help ensure all qualified students have access to an education that will provide them with a global advantage.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

This change would have a positive impact on the lives of all Canadians by providing the not-for-profit sector with an additional $200 million annual funding from the private sector. From a university perspective, a highly educated population is one of Canada's great advantages globally. The additional funding this will attract will help ensure Canadian universities continue to provide leading-edge teaching and research.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

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Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

Listed below are some of the benefits that would flow to Canadians by the government exempting donations of privately held shares and real estate from capital gains tax:

• The benefits to the charitable sector far outweigh the costs to the Federal Government. Approximately $200 million of incremental funding for the charitable sector, at a fiscal cost of only $50-65 million, is a tax-effective way the Government can provide tax incentives for charitable donations.

• It would remove an inequity in the current Income Tax Act. Entrepreneurs who take their company public and donate a portion of their shares to a charity receive a Charitable Donation Tax Credit and are exempt from any capital gains taxes. As it stands now, entrepreneurs who keep their company private and donate shares must pay a capital gains tax on the difference between their cost base and the value of their shares at the time of the donation.

• It would level the fundraising playing field for the Canadian charitable sector as it competes for the best and brightest talent. Currently, U.S. hospitals, universities, research institutes etc. can access private sector donations from individuals and corporations who have appreciated capital assets, including private company shares and real estate. Providing the same tax benefits provides Canadians with the incentive to donate real estate and non-publicly traded shares to charities.

• Government funding for health care, education, social services, as well as arts and culture enables not-for-profit organizations to be good. It is the addition of private sector donations that enable universities and other non-profits to go from being 'good' to being 'great'.

• Implementation of these proposals in the upcoming budget would send a very positive message to all Canadians. It is a public policy issue upon which all parties can agree.

• The first recommendation contained in the February report on 'Tax Incentives for Charitable Donations' stated, “Subject to the government’s stated intention to balance the budget in the medium term, that the federal government explore the feasibility and cost of eliminating or lowering the capital gains tax on charitable donations of real or immovable property or the shares of private corporations to charities, provided that the proceeds of disposition are donated to a charity within a fixed period.”

*Please note that at least one recommendation must be provided