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:** United Way Centraide Canada

or

( ) **an individual** **Name:** _____

Topic: Charities, charitable giving and volunteerism

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

United Way Centraide Canada recommends that the government introduce an amendment to the Income Tax Act that would exempt charitable donations of private company shares and real estate from capital gains taxes. This measure would notably increase investments to the charitable sector in Canada, including to United Way/Centraides, which invest more than half a billion dollars a year in services and programs that make a tangible difference to millions of vulnerable Canadians. United Ways/Centraides are dedicated to improving the lives, prospects, and communities of Canadians.

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.

Donations of shares of publicly traded corporations increased after the capital gains tax on donations of such shares was eliminated in 2006. We suggest that the proposed measure would have a minimal federal fiscal cost when compared to the community benefits that would result from the increased donations. Research increasingly demonstrates that the long term costs of poverty are extremely high. This amendment would enable organizations like United Way/Centraides to further our investments in alleviating the impacts of poverty and poor health across the country.

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

Beneficiaries would include citizens in every region who benefit from the services of the charitable sector that improve the lives of Canadians, including the most vulnerable. In addition, charities and public benefit nonprofits employ more than 10% of the workforce – providing jobs for two million Canadians across the country – and account for more than 7% of GDP.

Therefore, Canadians as a whole would benefit by living in communities that increasingly thrive, are safer and more cohesive. By extension, governments at all levels benefit from enhanced partnerships with the charitable sector.

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.

Addressing root-causes of systems-level disparities through charitable programming such as: United Way Centraide homework clubs (proven to support at risk children to increase their grades and stay in school longer), breakfast clubs (supporting children's health and educational prospects), and employment support programs (supporting vulnerable Canadians in accessing and maintaining employment), among others, results in an improved standard of living for all Canadians.

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).

In addition to the many benefits outlined above, it is important to note:

According to the CMA, “20% of the $200 billion spent on health care annually can be attributed to socio-economic disparities and that 50% of health outcomes can be attributed to the social determinants of health”. By implementing this measures and increasing charitable giving, there would be a positive impact on the lives of all Canadians, including Canada’s population living in poverty that is estimated at between 10 and 20 percent, or between about 3.5 to 7.0 million persons. Increased charitable giving through tax credit incentive is part of the funding solution.

Further, since United Ways Centraides, as many other charitable organizations, benefit from the significant contribution of volunteers across the country, every additional investment, and thereby result, is multiplied.

As well, this recommendation is one of the few public policy issues upon which all parties can agree. Both the Leader of the Official Opposition and the Finance Critic of the Liberal Party have publicly communicated their support, in principle, for these measures.

In addition, in February 2013, the House Finance Committee proposed six recommendations to the House of Commons on its Hearings on “Tax Incentives for Charitable Donations.”. The first of these was the following recommendation: “ 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 and the shares of private corporations to charities, provided that the proceeds of disposition are donated to a charity within a fixed period”.

Overall, United Way Centraide Canada believes that implementation of this amendment to the Income Tax Act would send a very positive message to Canadians – one where charitable giving is encouraged through meaningful incentives: direct and indirect.

*Please note that at least one recommendation must be provided