

Member of Parliament Letter:

Dear ...

I am writing to solicit your active support for a new stretch tax credit for charitable giving that Imagine Canada is proposing, aimed at building the capacity of Canada's charities to prevent and alleviate social problems, enhance quality of life, and contribute to economic prosperity in our communities and abroad.

Community needs in Canada continue to grow and change in the face of Canada's aging population and other profound social, cultural, economic and environmental opportunities and challenges. **[Insert 2-3 sentences on the growing/changing needs your organization is encountering in the community]**

Governments cannot address these challenges and opportunities alone. Every sector needs to play its part, including the charitable and nonprofit sector.

A strong charitable and nonprofit sector is critical to Canada's capacity to prevent and alleviate social problems, enhance quality of life, and create communities in which people want to live, work and invest. There are troubling signs, however, that Canada's charitable donor base is shrinking – only 24% of Canadian tax filers claimed charitable donations in 2007, compared to 30% in 1990.¹ At the same time, research shows that over half of current donors would give more with better tax incentives.²

We need to act now to renew and expand Canada's charitable giving base.

The proposed stretch tax credit would increase the federal charitable tax credit for donations over \$200 from 29% to 39% on all new giving that exceeds a donor's previous highest level. Its purpose is to encourage individuals to give more and to increase the number of Canadians who give to charities. (*For more details on how the tax credit would work, please see the attached backgrounder.*)

By offering a more generous tax incentive, we can support people who have not previously given above the \$200 level to do so for the first time. We can also encourage people who already give at this level to give a little more, by making it less expensive for them to do so.

Properly communicated to Canadians, this should result in higher giving levels. Thirty-two per cent of Canadians already donate over \$200 annually, accounting for 91% of all giving in Canada. By encouraging even a 5% increase in giving by donors in the \$200-\$10,000 range, this measure could generate \$411 million of new investment in Canada's charities and the communities they serve.

The stretch tax credit would only apply on new giving up to \$10,000, ensuring that it primarily benefits working families and middle-income Canadians who generally donate income and have benefited less from previous tax measures aimed at encouraging larger gifts of assets. Charities of all sizes across Canada would also benefit, including smaller and rural charities which rely more on gifts of income for support.

If Canadians responded to this new initiative by increasing their giving by \$200 million in the first year, the incremental cost to government would be \$20 million – a ten to one return on investment. While this cost is not negligible in today's fiscal environment, every dollar spent

¹ Statscan, *The Daily*, [Tuesday, November 4, 2008](#). Based on donations claimed in 2007.

² 2007 *Canada Survey of Giving, Volunteering and Participating*.

would yield increased giving to charities, helping to support their important work in communities across Canada and enhancing their sustainability for the future.

[Insert a few sentences here on the importance of donor revenue to your organization and what it enables you to do to do in your community].

As governments move beyond stimulus spending to tackle growing fiscal deficits and businesses and foundations work to regain ground lost in the recent recession, charities can expect significant future funding challenges. The stretch tax credit can help ensure that communities continue to receive the services and supports they rely on, despite these necessary measures.

We urge you to seize this important opportunity to significantly enhance Canada's charitable giving environment so that charities like ours can continue to do their part to meet community needs and to help Canada successfully meet the challenges ahead.

Thank you very much for your support.

Sincerely,