

HOW THE STRETCH TAX CREDIT WORKS – ALBERTA –

BASE YEAR

Michelle is a 46-year old married woman with children living in Okotoks, Alberta. Because she believes in supporting her community, she makes charitable donations to a range of local community organizations and programs.

Michelle donated \$200 to charity in 2008. She received a combined charitable tax credit of \$50.00 (25%).

15% federal charitable tax credit x \$200	\$30.00
10% AB charitable tax credit x \$200	20.00
Total charitable tax credit	\$50.00 (or 25%)

YEAR 1

In 2010, Michelle decides to give a bit more in response to the recession's impact on her community, knowing the cost would be partially offset by a new, more generous charitable 'stretch' credit of 39% for increased annual giving over \$200.

Michelle donates \$350 to charities in 2010. She receives a combined charitable tax credit of \$140.00 (40%) through the old tax credits and the new stretch credit.

15% federal charitable tax credit 10% AB charitable tax credit x \$200	\$50.00
39% federal stretch tax credit + 21% AB charitable tax credit x \$150.00	90.00
Total charitable tax credits	\$140.00 (or 40%)

YEAR 2

With a new, higher paying job, a stronger economy, and the extra support of the stretch tax credit, Michelle decides that she can afford to give even more.

Michelle donates \$700 to charities in 2011. She receives a combined charitable tax credit, including the stretch tax credit, of \$335.00 (47.9%).

15% federal + 10% AB charitable tax credit x \$200	\$50.00
29% federal + 21% AB charitable tax credit x next \$150	75.00
39% federal stretch tax credit + 21% AB charitable tax credit x next \$350.00	210.00
Total charitable tax credits	\$335.00 (or 47.9%)