

Submission to the
House of Commons Standing Committee on Finance

Study on Tax Incentives for Charitable Donations

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Personal comments of –

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and

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Summary of recommendations --

- I. I would suggest that the **“Stretch Tax Credit for Charitable Giving”** as proposed by Imagine Canada and endorsed by the Canadian Association of Gift Planners (CAGP) be implemented to encourage Canadians to embrace an ever-increasing habit of inter-generational giving of funds to charitable entities to complement their interest in the community and their volunteerism.

- II. It is essential that the Finance Committee recommend joint private-charitable-public support **for the continuation of the Canada Survey of Giving, Volunteering and Participating (CSGVP) survey** which when last released in 2009 represented the fourth iteration of a series of surveys that began in 1997 and was followed-up in 2000, 2004 and 2007. This Government’s desire to study this important topic requires appropriate follow-up to gauge meaningful progress and recommend changes, if required.

- III. The recommended provisions to **encourage gifts of real estate and gifts of private company shares** as detailed in the CAGP submission should be implemented as these represent a significant source of wealth that could and should benefit the charitable sector. Previous concerns over valuation have been resolved. Several measures can be implemented to overcome any lingering hesitations –
 - a. require the submission of a multi-party “notification of a gift” schedule, signed by the valuator (CBV), the donor and the donee, say within 60 days, to ensure that gifting trends can be managed by Canada Revenue Agency – Charities Directorate in a timely fashion,
 - b. require that all valuations be prepared by a member of the Canadian Institute of Chartered Business Valuators (CBV), and
 - c. implement the provision with a five year “sunset clause” as was utilized in 1997 with the partial capital gains exemption provision to overcome up-take concerns.

- IV. It is essential that **continual and routine on-going discussions be undertaken between formal reviews of the charitable giving regime in Canada**. The vast level of world-class experience in examining legislative incentives (and for that matter --- disincentives) exists here in Canada and it should be sought and engaged for the betterment of the Country. Pre-budget closed door consultations must be undertaken by those that formulate legislation – Department of Finance, by those that administer it – Canada Revenue Agency – Charities Directorate and by those gift planners and other professional advisors that actual meet with donors, their families and their professional advisors to arrange gifts – as represented by CAGP and other groups. Therefore, members of various sector organizations such as CAGP and others should be encouraged to comment frankly on how

improvements can be made to improve the ``intent`` which is to encourage not discourage giving. A respectful dialogue is possible and essential.

- V. If there is one area of the **income tax legislation that should be simple, fair, equitable, all-embracing and understandable** – it is those provisions that encourage giving. Unfortunately, this fundamental quality has been lost. Efforts to achieve this principle should be undertaken.

As a proud member (Chair and then Co-chair) of the Charitable Incentive Review Task Force (CIRTF) on behalf of the Community Foundations of Canada, the Vancouver Foundation and the Canadian Association of Gift Planners during its term – 1996 to 1998, I wish to thank the House of Commons Finance Committee for this current opportunity to personally comment on `how to further encourage charitable giving in Canada`. Care must be taken that we do not ``move three step forward and two steps back`` as incentives are twinned with proposals that claim to prevent abuses but actually unduly discourage meaningful and much needed giving to support the essential charitable sector.

The last in-depth review was undertaken by the House of Commons Finance Committee in cooperation with the Charitable Incentives Review Task Force, created by the Voluntary Sector Round Table in 1996 – 1997. This in-depth process resulted in a number of significant enhancements to the available legislation such as the partial (which became permanent) capital gains exemption on gifts of appreciated 'listed' securities and the further increase of annual limitations. One of the recommended proposals which was not acted upon was the "Stretch' provision -- now being considered. Frankly, the only opposition seemed to involve misconceptions around the name and concerns that it would encourage 'gaming' in multi-year capital campaigns. I am pleased that these misdirected concerns have now been set-aside.

I would be pleased to comment further on any of the matters discussed in this submission.

Thank you again the opportunity to comment.

signed *Christopher*

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