

Alberta Advantage- 50% Tax Credit on Charitable Donations

Dad Philein was trying to explain the tax rules around donation to his children, Mark, Jane and Chris. Dad had recently attended a session on Philanthropic Planning and he was particularly amazed that Alberta had the highest tax credit on charitable donations in Canada. It seems that the Alberta Government introduced their tax credit increases a number of years ago, but it appears to have gone largely unnoticed by Alberta taxpayers. An Alberta tax payer receives a combined Federal/Provincial tax credit of 50% of their donation.

Dad was explaining that if you made a charitable donation of say \$1,000 to a charity, such as The Kerby Centre, you would receive a 50% tax credit which would be \$500. Dad was saying you would be getting the tax back and his oldest son, Mark was saying that it didn't appear you were getting it back, that the money was going to charity.

Dad Philein didn't know how to further simplify the explanation of the tax credit, so he asked his father Pa Philein if he could explain the concept to his grandchildren. Pa Philein, always delighted to be invited to talk about the importance of philanthropy, agreed.

He started with the same explanation as previous. If you donate \$1,000 and receive a tax credit of 50%, than your donation has only cost you \$500. Pa saw that he wasn't really getting the "a ha" moment he was looking for so he changed his explanation.

Pa explained, "What if our governments described the charitable donation system like this?" We will match you dollar for dollar on your charitable donations. As long as the charity is a registered charity we will give the money you paid in taxes (on a matched basis) to the charity of your choice...you get to direct where you want your tax dollars to go."

Pa explained, "Currently you pay your tax dollars and the government in their wisdom decides where to allocate those funds and it could be anywhere in the Country and for any purpose." With regards to charitable donations, if you make a donation to your favorite charity, such as The Kerby Centre, the government will match your donation from the taxes you have paid. You get to "donor direct" where your tax money goes.

Mark was incredulous, he blurted out, "You mean I can direct where my tax dollars go...particularly to stay here in Alberta and to support the causes I want." And the government wants me to do this?"

Pa confirmed, "The government is getting out of the charity business and needs us as taxpayers to replace their involvement. The governments have implemented over a dozen tax changes in the past years to promote charitable giving and in the meantime have become one of the most progressive countries in the world regarding charitable planning. Yes the government wants you to do this and frankly needs your help in supporting charitable causes that provide some much of our day to day services.

If you wish to learn more you are invited to attend our next Philanthropy session on Aug 23rd or Sept 30th. Call Helene Nicholson at 403-705-3235 if you wish to attend.