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UHN Foundation

# Budget 2024: A Plea to Lower the Cost of Giving in a Time of Need

*An open letter to the Prime Minister and to the Deputy Prime Minister and Minister of Finance of Canada*

## **Urgent Considerations Regarding the Proposed AMT Changes**

Dear Prime Minister, Deputy Prime Minister and Minister of Finance,

I wish to bring to your attention to my letter published September 22, 2023, through national publications, representing a total viewership of over 500,000 Canadians. The letter expresses concerns about the proposed changes to the Alternative Minimum Tax (AMT) in the 2023 Federal Budget, especially regarding donations of publicly listed securities. This letter was endorsed by 30 leaders from the charitable sector covering health care, education, social services, and the arts, and was supported by a feature in the Financial Post on October 4, 2023, written by Allan Lanthier, titled Charities are struggling, and Ottawa wants to tax donations more.

## **The Potential Fallout for the Charitable Sector**

As a result of multiple hardships, from the pandemic to inflation, CanadaHelps reports that more Canadians are leaning on charities for their essential needs, with 57% of charities reporting demand for their services exceeding capacity. This crisis is exacerbated by the fact that fewer Canadians are making donations. The solution to this grim trajectory is a tax policy that will encourage more giving, and yet the proposed changes to the AMT will do the opposite, diminishing the inflow of donations, especially from those in a position to give the most. Under the new changes, if a donor were to offer publicly listed securities valued at \$2,100,000, with a capital gain of \$2,000,000, the donor's tax liability would surge to \$165,215, making the donation far less likely.

## **Historical Precedence**

Our nation has the potential to design a tax system that upholds fairness while promoting the spirit of giving which Canadians are renowned for. History stands as a testament to the positive impact of well-considered tax policies. In 1997, Finance Minister Paul Martin slashed the capital gains tax on gifts of publicly listed securities by 50%.

Finance Minister Jim Flaherty eliminated the remaining capital gains tax in 2006, leading to an outpouring of generosity, with charities receiving donations of listed securities surpassing \$1 billion virtually every year.

## **A Plea for Re-evaluation**

The modifications tabled for the AMT in the forthcoming budget will reduce charitable contributions. I urge you and your esteemed colleagues to re-examine these proposals. Your urgent response to this pivotal matter is eagerly awaited by countless Canadians dedicated to the longevity and efficacy of our nation's charitable fabric.

Yours sincerely,

Donald K. Johnson O.C., LL.D.

Director, UHN Foundation

Chair, Vision Campaign, Toronto Western Hospital

Member, Advisory Board, Ivey Business School, Western University

Chairman Emeritus & Director, Business / Arts

Member, 2023 Major Individual Giving Cabinet, United Way Greater Toronto

Member, Honourary Board, The National Ballet of Canada

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