

Federal Budget News Windfall for Charities

Canadians who donate publicly listed securities to a charity, including their local community foundation, will not have to pay capital gains tax on the growth of those shares thanks to changes announced in the May 2nd, 2006 Federal Budget.

Charitable giving is expected to soar with the introduction of this significant tax break that will benefit donors, community foundations and the local charities they support.

In 1997 the federal government reduced capital gains tax on donations of public securities by 50 per cent resulting in a three-fold increase in gifts of publicly traded securities to charities from \$69.1 million to \$200.3 million between 1997 – 2000.

A recent report shows that Canadians hold \$1.3 trillion in stocks, almost half of which are unrealized capital gains. Experts suggest that the new budget changes could translate to charitable gifts being in excess of \$300 million to charities across Canada.

Last year, The Calgary Foundation received over \$19 million in gifts of securities while community foundations across Canada received more than \$40 million in gifts of securities.

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