

# Protect Canada's Charitable Legacy: Urgent Action Needed

## Changes to AMT will disincentivize donations to charitable organizations

September 8, 2023

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

As leaders of Canadian cultural charities, we are deeply concerned about the proposed changes to the Alternative Minimum Tax (AMT) in the 2023 Federal Budget, especially concerning donations of publicly listed securities to charitable organizations. We endorse Donald K. Johnson's open letter submitted to Finance Canada urging immediate action on proposed changes to the AMT.

This move is a significant shift from Canada's tradition of supporting a robust charitable sector. We can craft a tax system that remains equitable and champions our societal generosity.

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### Historical Context

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In 1997, Finance Minister Paul Martin notably reduced the capital gains tax on gifts of publicly listed securities by 50%. This initiative was further boosted in 2006 by Finance Minister Jim Flaherty, who removed the remaining capital gains tax on these gifts. As a result, **a once-rare practice became common, with Canadian charities receiving annual donations of listed securities exceeding \$1 billion.**

The 2023 Budget's proposal risks reversing this legacy, causing serious unintended consequences that will impact the vital work of charities in our communities.

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### Charitable Sector Implications

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Today, with the challenges brought on by the pandemic, climate change, and rising inequality, charities play a pivotal role in society. Charitable institutions such as museums, art galleries, performing arts centres, hospitals and universities rely on these major gifts to maintain sustainable operations, to propel capital campaigns and fund vital community programs that benefit Canadians. Furthermore, service organizations such as community foundations rely on large gifts from wealthy donors to acquire funds that are then redistributed to smaller grassroots organizations in communities across the country. In this context, the prospect of losing donation revenue from high net-worth supporters causes serious concern.

**It's counterintuitive to dissuade actions that funnel critical funds into the charitable sector at a time when they - and the people they serve - need it the most.** Under the new rules, the largest and most generous donors to charities would be dissuaded to give large-scale donations and may jeopardize many charities' operations.

The upcoming budget revisions to the AMT could critically dampen Canadian charitable giving during an already challenging period. We, the undersigned, urge you and your team to reconsider these changes, considering their broad implications for national charities.

Thank you for your dedication and attention. Many Canadians, deeply committed to our nation's future, keenly await your insights.

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*Yours sincerely,*

Vishal Saini  
*President, Board of Directors*  
**Alberta Theatre Projects**

Carol Anne Harper  
*President, Board of Directors*  
**Art Gallery of Greater Victoria**

Gary Graham  
*Chair, Board of Director*  
Shelley Falconer  
*President & CEO*  
Susan Murray  
*Chair, Council of Governors*  
**Art Gallery of Hamilton**

David G. Smith  
*Chair, Board of Directors*  
**Arts Commons**

Robert Foster, C.M.  
*Chair, Board of Directors*  
Aubrey Reeves  
*President & CEO*  
**Business / Arts**

Ed Ogonek  
*Chair, Board of Directors*  
**Canada's National Ballet School**

Alexandra Baillie  
*Chair, Board of Directors*  
Monica Esteves  
*Executive Director*  
Brendan Healy  
*Artistic Director*  
**Canadian Stage**

Sarah Iley  
*Chair, Board of Directors*  
**Culture Days National**

Mario De Divitiis  
*Chair, Board of Directors*  
Colleen A. Smith  
*CEO*  
**FirstOntario Performing  
Arts Centre**

George Kerhoulas  
*President, Board of Directors*  
Evan Klassen  
*Executive Director*  
**The Grand Theatre**

Tenio Evangelista  
*President, Board of Directors*  
**Harbourfront Centre**

Lois Norris  
*Chair, Board of Directors*  
**KW Symphony Foundation Inc.**

Rachel Smith-Spencer  
*Chair, Board of Directors*  
**Kitchener-Waterloo Symphony**

Andrew M. Pringle, C.M.  
*Chair, Board of Directors*  
**McMichael Canadian Art Collection**

Barry Hughson  
*Executive Director and Co-CEO*  
**The National Ballet of Canada**

Tim Price  
*Chair, Board of Directors*  
Peter Simon  
*President & CEO*  
**The Royal Conservatory of Music**

Laurie Speers  
*Chair, Board of Directors*  
**Royal Manitoba Theatre Centre**

Mark Turner  
*CEO*  
**Saskatoon Symphony Orchestra**

Sylvi Plante  
*Chair, Board of Directors*  
Lisa Rubin  
*Artistic and Executive Director*  
**Segal Centre for Performing Arts**

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*Chair, Board of Directors*  
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Robert H. Gorlin  
*Chair, Board of Directors*  
**Stratford Festival**

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*Chair, Board of Directors*  
Gideon Arthurs  
*Executive Director*  
Weyni Mengesha  
*Artistic Director*  
**Soulpepper & Young Centre  
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and Choir**

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*Co-Chairs*  
**Theatre Calgary**

Caroline Biron  
*Chair, Board of Directors*  
**Théâtre du Nouveau  
Monde Fondation**

A. Charles Baillie, O.C.  
*Chair, Board of Directors*  
**Toronto International  
Festival of Authors**

Lucille Pacey  
*Chair, Board of Directors*  
**Vancouver International  
Film Festival Society**

Upkar Arora  
*Chair, Board of Directors*  
**Why Not Theatre**