

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.

Historical Context

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.

Charitable Sector Implications

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,

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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.
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Canada's National Ballet School

Alexandra Baillie
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Brendan Healy
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The Grand Theatre

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Harbourfront Centre

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KW Symphony Foundation Inc.

Rachel Smith-Spencer
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Kitchener-Waterloo Symphony

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Stratford Festival

Robin Cardozo
Chair, Board of Directors
Gideon Arthurs
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Weyni Mengesha
Artistic Director
**Soulpepper & Young Centre
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Christopher J. Paige
Chairman, Board of Directors
**Tafelmusik Baroque Orchestra
and Choir**

Cathy Samuel and Joy Alford
Co-Chairs
Theatre Calgary

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

A. Charles Baillie, O.C.
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**Toronto International
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Lucille Pacey
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Upkar Arora
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Why Not Theatre