

Urgent Action Needed for Budget 2024

Changes to AMT will disincentivize donations to charitable organizations

February 26, 2024

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) outlined in the 2023 Federal Budget, especially concerning donations of publicly listed securities to charitable organizations. In advance of the 2024 Federal Budget, we call on the federal government to make amendments to the proposed changes to the AMT:

1. Remove the provision to include 30 percent of capital gains on donations of publicly listed securities in the AMT base; and
2. Include an exemption for charitable donations on the proposal that only 50 percent of non-refundable tax credits would be allowed to reduce the AMT.

While there are many complexities in the AMT calculations, one thing is clear – without amendments **these changes will result in less revenue for charities** at a time when charities need it most.

While the number of donors impacted by the proposed AMT changes may not be large, this donor group is a critical backbone for the charitable sector. The 2023 Giving Report reveals that "Wealthy Families" make up 21% of Canada's donors and 27% of total donations.¹ With the overall number of charitable donors and donations decreasing steadily each year,² charities are relying on major donors more than ever and our sector cannot afford to lose a vital source of income. Members of this donor group are, by nature, the most strategic donors, researching market information and personal finances before making gifting decisions. We are hearing from charities who are beginning to feel the effect of these changes as major donors are planning to reduce their 2024 gifts.

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.**³

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

Arts Sector Implications

Charitable institutions such as museums, art galleries, theatres, festivals and arts centres rely on these major gifts of securities to maintain sustainable operations, propel capital campaigns and fund their artistic programming in communities across the country. The live arts were the second most impacted area of the economy by GDP during the pandemic. Today, the arts sector is struggling to make ends meet with the pressures of rapid inflation, the lingering impact of the pandemic on audience behaviours and diminishing donation trends. As a result, any deterrent to donations could be disastrous. Many arts and cultural organizations are facing mounting deficits and are having to make difficult decisions about cancelling programming and laying-off staff. In this constrained financial environment, the prospect of losing donation revenue from high net-worth supporters causes serious concern.

The changes to the AMT could critically dampen Canadian charitable giving during an already challenging period. We, the undersigned, urge you and your team to make amendments outlined above in the 2024 Federal budget so that donation revenues for charities are maintained.

Thank you for your dedication and attention.

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Yours sincerely,

Arlette Watwood
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
Art Gallery of Hamilton

David G. Smith
Chair, Board of Directors
Alex Sarian
President & CEO
Arts Commons

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

John Dalrymple
Executive Director
Canada's National Ballet School

Hugh Clark
Chair, Board of Directors
Monica Esteves
Executive Director
Brendan Healy
Artistic Director
Canadian Stage

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

Sarah Iley
Past Chair, Board of Directors
Culture Days National

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

Tenio Evangelista
President, Board of Directors
Andy Wnek
Interim CEO & CFO
Harbourfront Centre

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

Rags Davloor
Chair, Board of Directors
Barry Hughson
Executive Director
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
Camilla Holland
Executive Director
Royal Manitoba Theatre Centre

Doug Gilmour
President, Board of Directors
Saskatoon Symphony Society

Mark Turner
CEO
Saskatoon Symphony Orchestra

Sylvi Plante
President, Board of Directors
Lisa Rubin
Artistic & Executive Director
Segal Centre for Performing Arts

Ian M. H. Joseph, CFA
Chair, Board of Directors
Tim Jennings
Executive Director
Shaw Festival Theatre

Robert H. Gorlin
Chair, Board of Directors
Anita Gaffney
Executive Director
Stratford Festival

Robin Cardozo
Chair, Board of Directors
Gideon Arthurs
Executive Director
Weyni Mengesha
Artistic Director
Soulpepper & Young Centre for the Performing Arts

Christopher Paige
Chairman, Board of Directors
Tafelmusik Baroque Orchestra and Choir

Catherine Samuel
Co-Chair
Maya Choldin
Executive Director
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
Kyle Fostner
Executive Director
Vancouver International Film Festival Society

Shelley Williams
Chair, Board of Directors
Victoria Conservatory of Music

Upkar Arora
Co-Chair, Board of Directors
Karen Tisch
Executive Director
Ravi Jain
Co-Artistic Director and Founder
Miriam Fernandes
Co-Artistic Director
Why Not Theatre

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CC: Minister of Heritage Pascale St-Onge

1. CanadaHelps, [The Giving Report, 2023](#)
2. In 1998, 25.8% of Canadians claimed donations on their tax return. In 2021, that number was down to just 17.7%. The Globe and Mail, [Proposed tax changes in Canada council stifle large charitable gifts](#), June 2023
3. Donald K Johnson Pre-Budget Submission to the Committee on Finance 2016;
<https://www.ourcommons.ca/Content/Committee/421/FINA/Brief/BR8126165/br-external/DonaldKJohnson-e.pdf>