



CCVO
Calgary Chamber of
Voluntary Organizations

BILL C-458 OVERVIEW

An act respecting a National Charities Week and to amend the Income Tax Act (charitable and other gifts)

BILL C-458 FAST FACTS

Full Title: Bill C-458: An Act respecting a National Charities Week and to amend the Income Tax Act (charitable and other gifts)

Short Title: National Charities Week Act

Sponsor: Peter Braid (Kitchener-Waterloo)

Status: Introduced and passed First Reading in the House of Commons on October 31, 2012

Next Course of Action: Scheduled for Second Reading in February 2013

WHAT THE BILL WOULD DO

Federal private member's Bill C-458 has two components:

1. Amending the Income Tax Act to allow for charitable gifts made by an individual within 60 days after the end of a taxation year to be deducted from their taxable income for that taxation year.
2. Establishing the last seven days of February each year, throughout Canada, as National Charities Week.

BACKGROUND

Peter Braid, Member of Parliament for Kitchener-Waterloo, introduced Bill C-458: National Charities Week Act on October 31, 2012 in the House of Commons. Mr. Braid was also the sponsor of the private member's motion that initiated the study of Tax Incentives for Charitable Donations.

Though they follow the same legislative process as government bills, private members' bills have lower priority, are allocated less time for debate, and MPs are free to vote on them as they see fit. They are typically not supported with the same depth of research. Mr. Braid states that he has received overwhelming support for Bill C-458 from other MPs, the finance minister, and charities.

Mr. Braid's office expects Bill C-458 to receive second reading on or around February 6, 2013. If the bill passes second reading, it would be referred to committee for review. It is also possible that part or all of Bill C-458 may be adopted in Budget 2013, which would virtually assure passage into law.

PURPORTED BENEFITS

The following are among the benefits outlined by proponents of Bill C-458:

1. **Extending the deadline for charitable donations by two months would allow donors to make decisions on giving with full knowledge of their income for the tax year in question.** This may be especially significant for donors who earn a sizeable portion of their annual income in commissions, bonuses, or through investments.
2. **Bill C-458 would potentially allow for a "second season of giving,"** one that would tie in with greater awareness of the work of Canada's charitable sector (through the proposed National Charities Week), and effectively incorporate charitable giving into the tax planning process. Mr. Braid believes that because the current deadline falls during the holiday season, many Canadians are either not thinking about financial planning or are financially constrained.
3. **The February deadline may also alleviate the workload and administrative strain on charities** by separating the end of the fundraising year from the traditional holiday season, when staffing levels are typically lower. Staff may also benefit from an extended window in which to process donations and issue receipts.

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POTENTIAL UNINTENDED CONSEQUENCES

CCVO has heard the following concerns about the bill:

1. **There are concerns that a new deadline may actually result in less charitable giving.** Firstly, the end of February deadline may place charitable giving in direct competition with RRSP contributions and/or post-holiday season credit card debt. Secondly, the current deadline coincides with the traditional (religiously affiliated) festive season, and may already maximize the amount Canadians are willing and able to give to charities. There is the possibility of donor fatigue or backlash against a second season of fundraising.

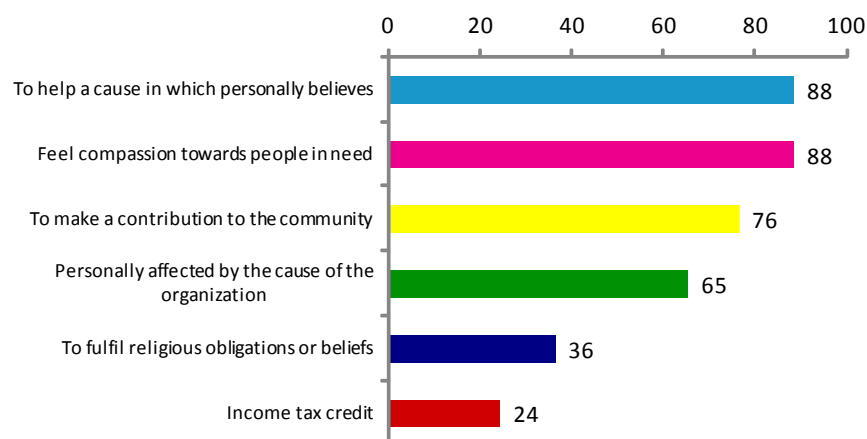
2. **While some donors invariably donate for strategic tax reasons, most Canadians are not motivated to donate by tax benefits.** If the intent is to increase donations from average income earners, Bill C-458 might only have a negligible effect.

3. **Bill C-458 may have administrative consequences for charities,** the extent of which is not known. Donors would have to clarify whether donations in January and February were intended for the current or previous tax year, and organizations may have to issue an extra receipt if donors choose to split their contributions across two tax years.

4. **For some organizations there could be significant transition costs associated with adjusting practices and expanding or reworking existing campaigns.** Likewise, seasonal staff and volunteers may have to stay on longer or return for another stint in February or March. Donor behaviour in Canada has been conditioned over a long period of time and organizations that choose to modify their campaigns would need to re-educate donors on the new regulations.

5. **While the establishment of National Charities Week is the less controversial component of this bill, it has also raised some concerns.** The federal government only recently recognized November 15th as National Philanthropy Day, and there may be confusion about the distinction between the two. Another issue is that, in order to have an impact, National Charities Week would need to be promoted. Would the federal government take on this responsibility, or would it lie with the charitable sector?

Motivations for Giving in Alberta 2004 (% of donors)



Source: 2007 Canada Survey of Giving, Volunteering and Participating

BILL C-458 OVERVIEW

CCVO'S PERSPECTIVE

CCVO supports measures that would increase charitable giving in Canada, and acknowledges that the intent of Bill C-458 is to recognize the work of Canada's 87,000 charities and create greater incentives for Canadians to donate. Along with the review of Tax Incentives for Charitable Donations that is currently underway, and the recognition of November 15 as National Philanthropy Day, we are pleased that the nonprofit and charitable sector—and charitable giving—are on the federal government's agenda.

CCVO is concerned that Bill C-458 was introduced without any consultation with the broader charitable sector or the general public, and in the absence of evidence that it will have a net benefit for the sector. Stakeholder participation and research are important tenets of public policy and, with respect to the bill, appear to have been overlooked or rushed. The Finance Committee is expected to release shortly recommendations from its study of charitable giving incentives, and it is not clear why the introduction of Bill C-458 has pre-empted that report.

WHAT CAN YOUR ORGANIZATION DO?

Bill C-458 will receive further debate in the House of Commons during second reading in February 2013. Until then, there are some things that you can do.

- Consider how the bill may impact your organization and your donors.
- Contact CCVO with your feedback at policy@calgarycvo.org or 403-261-6655 to help inform our position.
- Share your thoughts with your local Member of Parliament.

ABOUT CCVO

The Calgary Chamber of Voluntary Organizations promotes and strengthens the nonprofit and voluntary sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector.



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