

# HOW THE 2019 BUDGET CAN HELP ALL OF CANADA'S CHARITIES

## Removing the Capital Gains Tax on Gifts of Private Company Shares and Real Estate

To: **The Right Honourable Justin Trudeau, P.C., M.P.**  
Prime Minister of Canada

**The Honourable William Morneau, P.C., M.P.**  
Minister of Finance

cc: **The Honourable Andrew Scheer, P.C., M.P.**  
Leader of the Official Opposition  
Conservative Party

**Mr. Jagmeet Singh**  
Leader  
New Democratic Party

**The Honourable Pierre Poilievre, P.C., M.P.**  
Finance Critic, Conservative Party

**Mr. Peter Julian, M.P.**  
Finance Critic, New Democratic Party

2019 is an election year. The 2019 budget presents a unique opportunity for your government to stimulate charitable giving and ensure that our tax system is competitive with that in the United States. Your government's focus is on helping the middle class and the major beneficiaries of the increased charitable donations are the millions of Canadians who are served by our hospitals, universities, social service agencies, health charities and arts and cultural organizations.

The proposal is that, if the owner of private company shares or real estate sold his or her assets to an arm's length party and donated all or a portion of the cash proceeds to a charity, the donor would be exempt from capital gains tax on his or her gift. This would stimulate an estimated additional \$200-million in donations every year for the foreseeable future. The fiscal cost to the federal government of forgoing the capital gains tax on such gifts is estimated at only \$50-million to \$65-million. The fiscal cost for the charitable donation tax credit for these increased donations would be the same as for cash donations. Removal of this barrier to charitable giving will provide Canadians with an innovative opportunity to give back to their communities. People who have the capacity to give can support those in need. It also removes an inequity in the current tax system between the donation of publicly listed shares and private corporate shares. Because the purchaser is arm's length from the seller, there is no concern about valuation abuse.

Implementing this measure would strengthen the federal government's relationship with the provinces, territories and municipalities. The mayors of all cities, towns and rural areas across Canada would be very grateful.

Unlike many other proposals, this proposal is not targeted at a special interest group. It is relevant to all Canadians. Your 2019 budget is the ideal time to implement this measure because you will presumably also be introducing other tax measures in response to the anticipated cuts in corporate and personal income tax rates in the United States.

On behalf of all Canadians, thank you for considering this proposal. It's a great way to leave a wonderful legacy to all of Canada's charities!

Yours truly,



**Bruce MacDonald**  
President & CEO  
Imagine Canada



**Nichole Anderson**  
President & CEO  
Business and the Arts



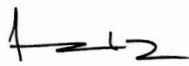
**Jayne Watson**  
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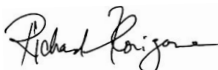
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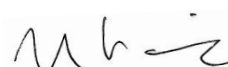
**Dan Clement**  
President & CEO (Interim)  
United Way Centraide Canada



**Jory Pritchard-Kerr**  
Chair, Association for Healthcare Philanthropy  
Collingwood General and Marine Hospital  
Foundation



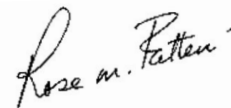
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**Paul-Émile Cloutier**  
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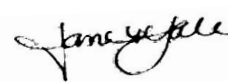
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