

# Charitable donations and your taxes – answering all your questions.

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Canadians are overall, big on donating to charity. In fact, the latest statistics show that Canadians donate close to \$10.6 billion annually. On average, Canadians are donating \$340 per year to the charity of their choice. If you're one of these Canadians, you might be pleased to know that your gifts to registered charities in excess of \$200 will qualify for a combined federal/provincial tax credit of up to 54% depending on your province and income level.

## **Do all charities qualify for the charitable donations tax credit?**

If an organization asks for a donation, you might want to check with the Canada Revenue Agency (CRA) to ensure they are a registered charity. The CRA has an ongoing list of charities and associations that qualify. If you donate to an organization that's not recognized by the CRA, you won't be able to claim the donation. The Canadian Rugby Foundation is a non-share capital corporation incorporated under the Canada Not-for-profit Corporations Act and a registered charity under the Income Tax Act designated as a public foundation (registration number 869159186). A tax receipt is issued for any donation made to the Foundation or one of its 70+ funds.

## **Can all Canadians receive the charitable donations tax credit?**

Yes, all Canadians can claim the charitable donations tax credit, as long as they have an official donation receipt. It's important to note that charities don't have to issue tax receipts for donations under \$20.

## **Do charities send the CRA my tax receipt?**

The CRA won't have a list of the charitable contributions you've made throughout the year. It's on you to save those receipts so you can file them and get the charitable donation tax credit. Make sure to keep a record of which ones you've claimed and which ones you haven't claimed so you don't double file.

## **How much can I write off on taxes for charitable donations?**

If you're looking for tax deductible donations, the sky is (almost) the limit when it comes to charity tax deductions. You can claim eligible amounts of gifts to a limit of 75% of your net income on your tax return. So, if your net income was \$55,000 this year, you could claim up to \$41,250. For gifts of certified cultural property or ecologically sensitive land, you may be able to claim up to 100% of your net income. Canadians can benefit from two different charitable tax credit rates, one from the federal government and one from the provincial/ territorial governments.

## So, just how much of your charitable donation is tax deductible?

### Federal

If you're claiming charitable donations under \$200, the federal tax credit rate is 15%, meaning, if you're claiming \$200 in charitable donations, you'll receive a refund of \$30. If you're claiming more than \$200, anything over your initial \$200 is at a tax rate of 29%. However, if your income puts you in the top tax bracket of 33%, then your tax rate will be 33% for charitable donations over \$200. Let's say you donated \$500 in total this past calendar year. Your first \$200 would be eligible for 15% refund ( $15\% \times \$200 = \$30$ ), and your remaining \$300 would be eligible for 29% refund ( $29\% \times \$300 = \$87$ ) for a total of \$117. If you earn in the top tax bracket, being taxed at 33%, then this equation would look like this:

( $15\% \times$  your first \$200 donated = \$30) plus ( $33\% \times$  the remaining amount of \$300 donated = \$99) for a total of \$129.

### Provincial

Each province has their own charitable donations tax deduction rate, which you can see below. All provinces and territories have one rate for amounts up to \$200 and another rate for amounts over \$200 that vary by province/territory. Provincial tax credit rates fluctuate between 19-75%.

Province	Donations \$200 or less	Donations \$200+	Donations \$200+
	Federal Rate 15%	Federal Rate 29%	Federal Rate 33%
Alberta	75%	50%	54%
British Columbia	20.06%	45.8%	49.8%
Manitoba	25.8%	46.4%	50.4%
New Brunswick	24.4%	46.95%	50.95%
Newfoundland & Lab	23.7%	50.8%	54.8%
Nova Scotia	23.79%	50.0%	54.0%
Northwest Territories	20.9%	43.05%	47.05%
Nunavut	19%	40.5%	44.5%
Ontario	20.05%	40.16%	44.16%
Prince Edward Island	24.8%	45.7%	49.7%
Saskatchewan	25.5%	43.5%	47.5%
Yukon	21.4%	41.8%	45.8%

### **Do you get money back on taxes for donating to charity?**

Charitable donations tax deductions are what are known as non-refundable tax credits. This means the refund goes towards helping you to lower your tax payable. So, once all your credits and benefits are calculated, if you find that you owe the government more money in taxes (or, your tax payable), non-refundable tax credits are there to help lower the amount you owe. With the above example's refund of \$117, you wouldn't get a cheque from the CRA for \$117, but rather, if you owed the CRA \$300 for example, that non-refundable amount would help you to lower your tax payable to \$183.

### **Do I have to claim the charitable donations tax credit in the same tax year of my gift?**

No, in fact, you can claim any unclaimed charitable contributions from the previous 5 years.

### **What documents do I need to claim charitable donations tax credit?**

To claim the tax credit for charitable donations, you need the official donation receipt. The receipt should have your name on it, or if you're filing your spouse's or common law partner's receipt, it should have their name on it. It's also recommended that you keep them in your files for five years after filing in case the CRA wants to follow up. If you lose your charitable receipt, the charity should be able to give you a replacement receipt. You simply need to input the total charitable contribution amount to your tax return.

### **Can I get a receipt for time I've volunteered to a registered charity or organization?**

No, volunteer work does not qualify for a tax deduction. Only monetary or certain gift donations qualify.

### **What tax form do I need in order to claim the charitable donation tax credit?**

The credit is calculated on the Schedule 9 section of the federal tax form. The federal credit is claimed at Line 34900 of the T1 form, and the provincial credit is claimed at Line 58969 of the provincial Form 428.

### **H&R Block Tax Expert Pro Tip:**

You can claim your charitable donations for up to 5 years. It might be beneficial to accumulate multiple years' worth and file them together. The reason for this is that the first \$200 claimed both federally and provincially yields a lower tax rate than donations over \$200. It's important to note that this isn't the case for Alberta, which now offers a rate of 75% on donations under \$200. But, for the other provinces and territories, this is still the case. So, if on average you donate \$100 annually to charity, filing 5 years of charitable donations at once will give you a greater return. Here's the math for the federal tax credit:

- Claiming \$100 per year for 5 years, or  $(15\% \times \$100) + (15\% \times \$100) + (15\% \times \$100) + (15\% \times \$100) + (15\% \times \$100) = \$75$ .
- Claiming \$500 accumulated over 5 years at one time, or  $(15\% \times \$200) + (29\% \times \$300) = \$117$ .

Similarly, spouses or common-law partners can pool their donations to yield a big refund, as long as the other partner doesn't claim it on their taxes. This has the potential to yield a bigger return overall, depending on the amounts being claimed and other factors. Remember, each donation can only be claimed once.

**Source: H&RBlock.ca**