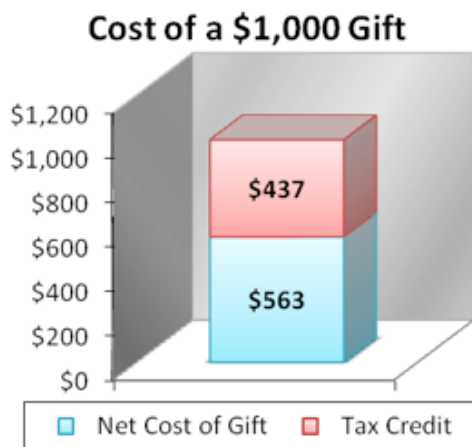


TAX TREATMENT OF CHARITABLE DONATIONS

For a person living in BC, the charitable donation tax credits are calculated as follows:

- Tax credits can be used to reduce the amount of tax the tax payer owes for the year;
- For the first \$200 of donations being claimed by a BC tax payer, the combined federal and provincial tax credits total 20.06% (15% federal and 5.06% provincial);
- Any donations exceeding the first \$200 on the tax return receive combined federal and provincial tax credits totaling 43.7% (29% federal and 14.7% provincial);
- The total amount of charitable donations claimed for the calendar year cannot exceed 75% of the net income of the tax payer. If donations exceed this 75% limit, the tax payer can claim the remaining donations on the tax returns during any of the next five years.
- An individual can enter a donation of up to 100% of taxable income in the year of death and the preceding year (if there is an excess amount)

To illustrate the tax effects for a BC resident, let's look at the tax consequences of a \$1,000 charitable donation to YANA:



*We will assume the donor has made other charitable donations totaling more than \$200 during 2011 and has sufficient net income to be able to claim the full amount of the donation.

If a donor makes a \$1,000 gift in 2013 to YANA, then she or he will pay \$437 less in tax ($\$1,000 \times 43.7\%$) when filing the tax return in early 2014. **With this 'refund' factored in, a \$1,000 donation to YANA only costs the donor \$563!**

NEW for 2013! The federal government has introduced a one time super credit for first time donors. This extra 25% credit means if you are a first time donor in BC your \$1000 donation will only cost \$360!