

Charitable donations

Charitable donations entitle the giver to a two-tiered credit. The first \$200 of donations results in a federal tax credit at the lowest rate. All donations over that amount result in a federal tax credit at the top personal rate, regardless of the tax bracket you are in. So, donations in excess of \$200 result in a dollar for dollar tax deduction if you are in the top tax bracket, but are worth much more if you are in a lower tax bracket.

You must attach the official receipt to your return (or be able to submit the receipt if asked in the event that you e-file).

It's Canada Customs & Revenue Agency's policy to allow the deduction of charitable donations on either spouse's return, regardless of who actually made the donation.

The maximum donation that you can make in the year is 75% of you net income, except in the year of death and the year before, when you can claim 100%. Unclaimed donations may be carried forward for five years.

Some tax planning ideas...

- If you usually only donate small amount, consider combining two or more years in order to get over the \$200 threshold.
- If you and your spouse donate separately, consider combining your receipts and claiming them on one return, to avoid the low-rate \$200 credit twice. You should usually make the claim on the return with the larger net income.
- Once you are over the \$200 limit, consider making extra donations in December rather than January.