October 16, 2018

The Special Senate Committee on the Charitable Sector
The Senate of Canada
Ottawa, Ontario
Canada
K1A 0A4

Dear Senators:

On behalf of the Federation of Canadian Municipalities (FCM), I would like to thank you for taking the time to examine the importance of the charitable sector in Canada. FCM is hopeful that your recommendations will allow charities and not-for-profit organizations to better serve Canadians with their valuable work. FCM would like to direct your attention to one particular area of concern, notably the requirement for charitable organizations to pay capital gains taxes on gifts of private company shares and real estate.

Each year at FCM’s March and September Board meetings, and again at our Annual Conference in June, FCM’s Board of Directors considers resolutions submitted by its membership. Resolutions adopted by FCM’s Board of Directors help inform FCM’s policy and advocacy priorities with the Government of Canada. Adopted resolutions represent municipal issues of national significance that fall within federal jurisdiction and therefore require a strong federal partner to help find a solution. The attached resolution, *Income Tax Act - Supporting Private Contributions to Community Organizations*, was adopted at the September 2018 Board of Directors meeting in the Municipality of Annapolis County, NS.

The not-for-profit and charitable sector generate significant public benefit and contribute to increased quality of life in our cities and communities. Not-for-profit and charitable organizations provide important services in cities and communities that contribute to an increased quality of life. Many cities and municipalities work directly with not-for-profits on shared goals and priorities to identify and serve the needs of residents. This collaboration helps create vibrant, inclusive and equitably resourced communities.

Through this resolution, FCM is calling on the Special Senate Committee on the Charitable Sector to recommend an amendment to the Income Tax Act that will remove capital gains taxes on gifts to charities of private company shares and real estate. This expansion of charitable gifts covered under the Income Tax Act has the potential to increase charitable giving to community organizations. Increasing the capacity of these organizations will benefit communities directly and as a result, the country overall.
If you or your staff have any questions, please feel free to contact Jen Arntfield, Manager of Policy and Research, at jarntfield@fcm.ca or 613-907-6292.

Yours sincerely,

Vicki-May Hamm
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FCM President

WHEREAS, The Federation of Canadian Municipalities adopted a resolution in March 2013 requesting the Federal Government amend the Income Tax Act by removing capital gains tax on gifts to charities of private company shares and real estate; and

WHEREAS, The FCM resolution expired in 2016 and needs to be renewed, and can be expanded to reflect the need for a broader review of the Income Tax Act to increase the economic stability available to not-for-profits (including charities); and

WHEREAS, Community-based not-for-profits in Toronto and elsewhere generate significant public benefit; and

WHEREAS, The City of Toronto and other municipalities directly work with not-for-profits to identify and serve the needs of residents which creates vibrant, inclusive and equitably resourced communities; and

WHEREAS, The City of Toronto has adopted a framework to guide its relationship with the not-for-profit sector, which includes a commitment to promoting the financial sustainability of the sector; and

WHEREAS, Changes to the Income Tax Act can assist in promoting the financial sustainability of the not-for-profit sector by increasing donations; and

WHEREAS, On May 22, 2018, Toronto City Council requested the federal government to review and modernize the Income Tax Act to benefit charities including by removing the capital gains tax on gifts to charities of private company shares and real estates; therefore be it

RESOLVED, That FCM urge the Federal Government to make amendments to the Income Tax Act to benefit charities including by removing the capital gains tax on gifts to charities of private company shares and real estate.

City of Toronto, ON

SEPTEMBER 2018 BOARD OF DIRECTORS DECISION: A – Concurrence.
Resolution adopted