

Charitable donations advice

17 per cent of the first \$250.00 of donations are a credit against Federal tax. A further 29 per cent credit for donations in excess of \$250.00 is available against Federal Income tax. Generally, the amount of donations eligible for the credit cannot exceed 20 per cent of net income in any one year. If you are making donations, ensure that one spouse makes all donations to maximize the amount at the 29 per cent credit.

If you are donating to U.S. charities, you are restricted to claiming a credit on an amount equal to 20 per cent of your U.S. source income. However, donations to certain U.S. colleges and universities are not subject to this restriction.

In order to claim your charitable donation, you must include an official receipt with your personal tax return.

You do not have to donate cash to receive a donation receipt. Donations of property also qualify for this credit. The amount of that donation is usual-



Smart At Tax by Gary A. Dykstra

ly the Fair Market Value of the property donated. Special rules apply in respect of Canadian cultural property. You can be creative in utilizing your capital gains exemption to create a large gain on the disposition of property which will entitle you to a large donation credit. In this method the income from the disposition is sheltered by the use of the capital gains exemption and you are entitled to a full donation receipt. The donation tax credit can thus be used against other taxes payable.

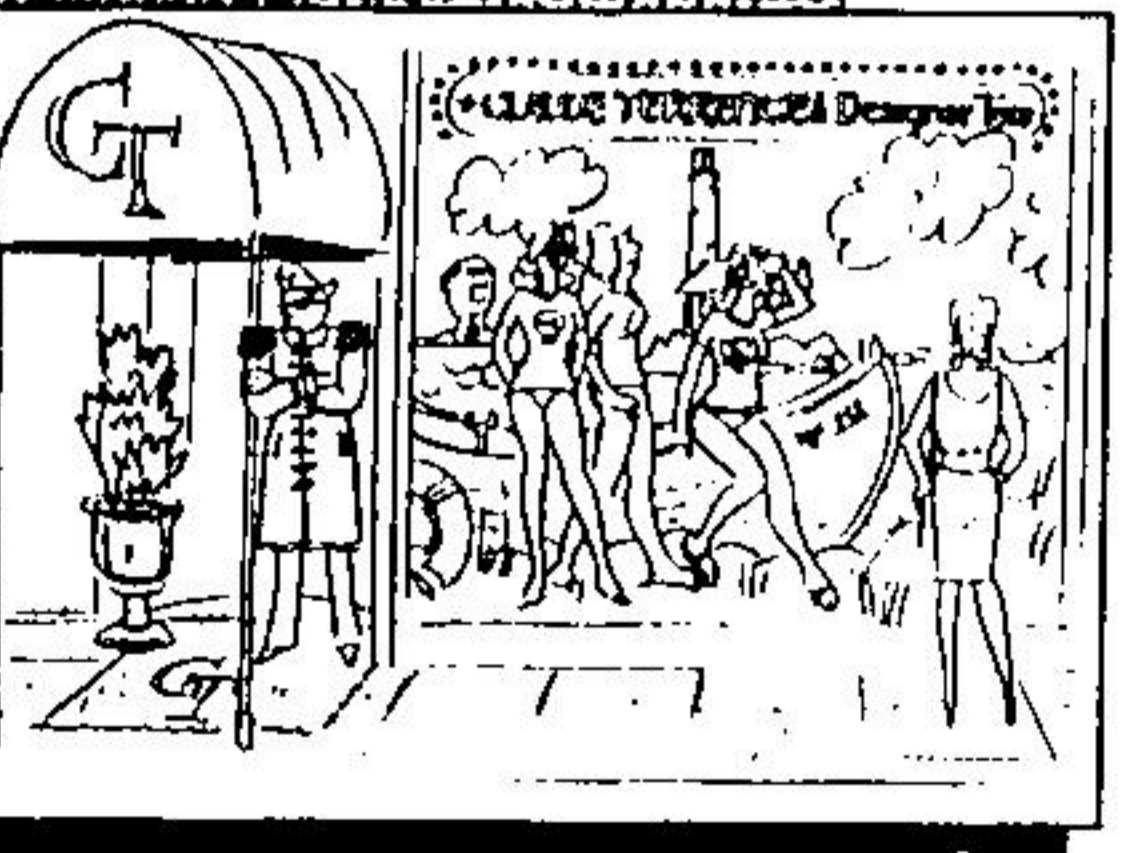
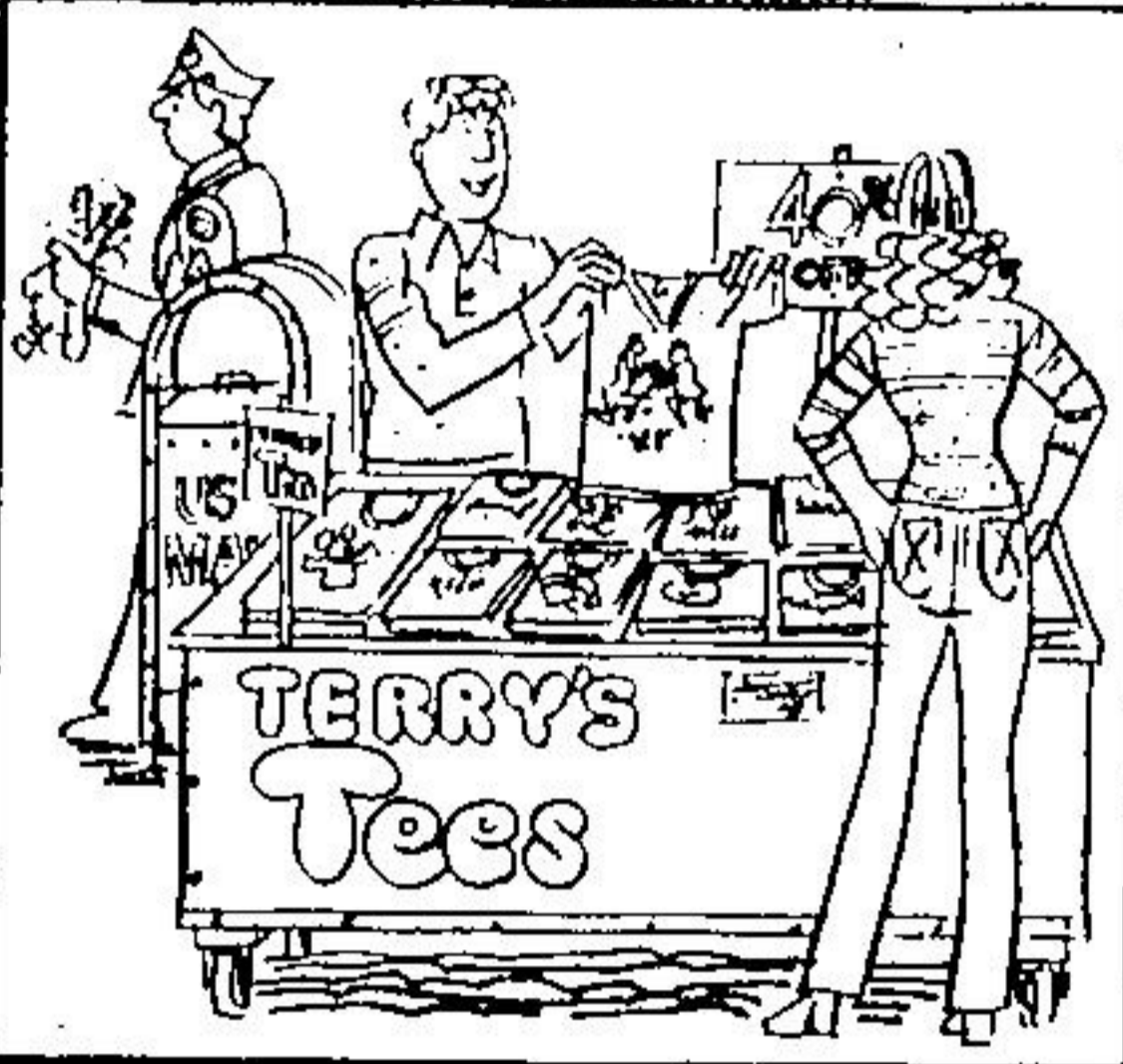
The implementation of any tax saving strategy is based on your personal financial situation. Professional advice should be obtained before implementing any of the suggestions contained herein.

You can discuss these and other tax planning ideas with your local partner who is affiliated with Leadley, Gunning and Culp International. Leadley, Gunning and Culp International is a sophisticated management consulting group assisting accounting and tax professionals run more successful practices. In your area, your local partner is: Gary A. Dykstra, Accounting and Tax Professional, 232 Guelph St., Suite 1 (Lower Level), Georgetown, Ontario L7G 4B1 (416) 873-8921.



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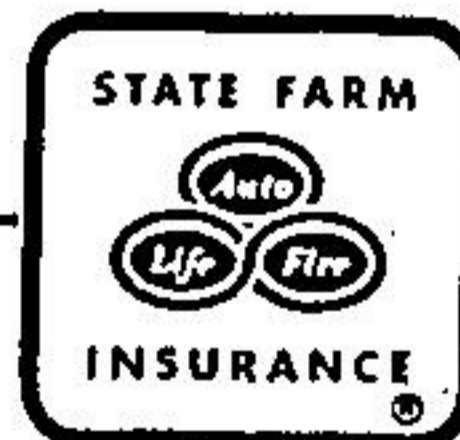
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