His Worship Larry Di Ianni  
Mayor  
City of Hamilton  
71 Main Street West  
Hamilton, ON  L8P 4Y5  

Dear Mayor Di Ianni:

Thank you for your correspondence of August 17, 2005, written on behalf of the City of Hamilton and its many not-for-profit organizations, regarding the tax treatment of donations of publicly traded securities to charities. You suggested that the government eliminate the capital gains tax on this type of donation. I apologize for the delay of my reply.

To support the important work of charities in meeting the needs of Canadians, Canada’s tax assistance for charitable giving is among the most generous in the world. When federal and provincial tax assistance is taken into account, tax assistance on cash donations to registered charities is about 46 cents on every dollar donated. When listed publicly traded securities are donated to charities, tax assistance rises to 53 per cent of the value of the donation. This assistance is generous.

Budget 2004 introduced the most extensive revisions to the tax rules for registered charities in over 20 years. This budget responded to the large majority of the 75 recommendations of the Joint Regulatory Table of the Voluntary Sector Initiative by proposing, among other things:

- a new compliance regime;

Canada
• a more accessible appeals regime;
• improved administrative transparency; and
• changes to the disbursement quota rules.

This was the culmination of several years of joint work with the voluntary sector.

The Senate Standing Committee on Banking, Trade and Commerce is examining issues dealing with charitable giving in Canada, including incentives for donations of listed securities. The committee tabled an interim report on these issues in December 2004 and is scheduled to release its final report by November 30, 2005.

The Government of Canada will continue to examine ways to encourage charitable giving and, in this regard, will carefully review the recommendations that the Senate committee puts forward in its final report.

Thank you for taking the time to share the thoughts of the citizens of the City of Hamilton on this matter.

Yours sincerely,

[Signature]

Ralph Goodale