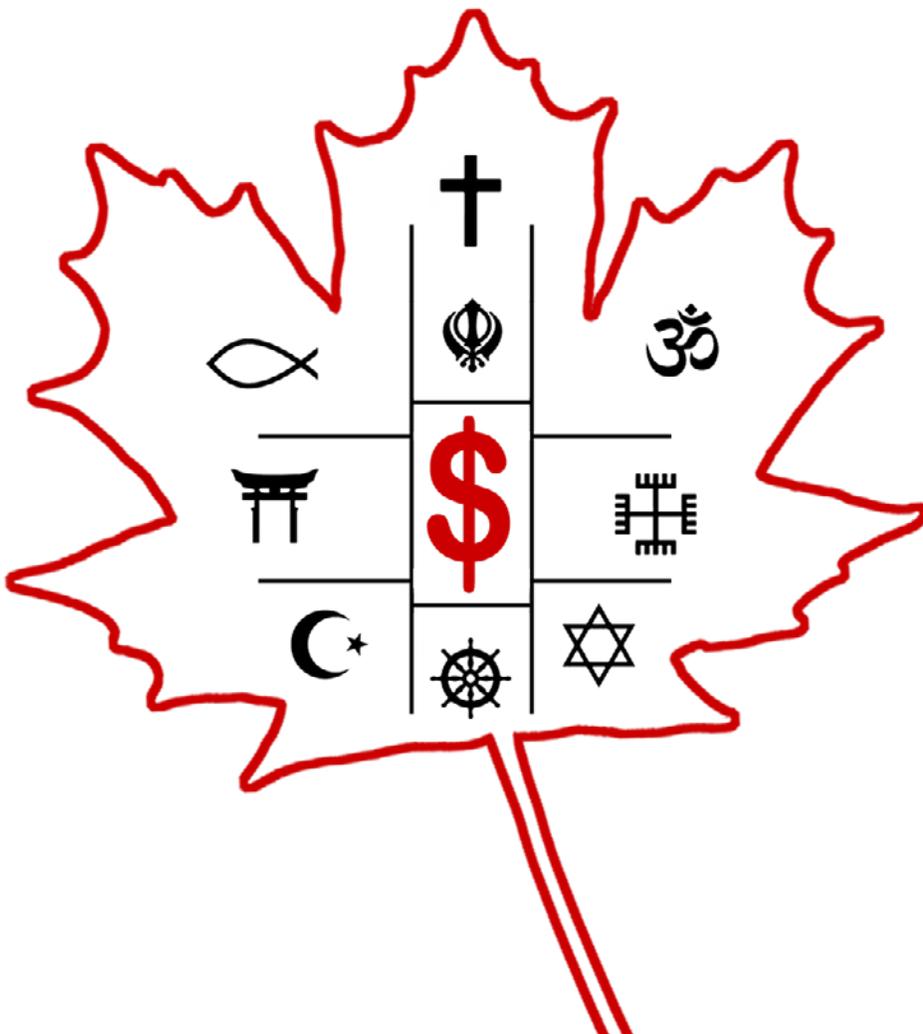




**CENTRE FOR
INQUIRY
CANADA**

The Cost of Religion in Canada

Canadian Taxpayers
Funding the Advancement of Religion



- none of donations were made from the sale of appreciated stocks or real property, therefore the donors did not enjoy a saving on Capital Gains tax
- all the donors claimed their tax credits in the province that is home to the head office of the charity²

We provide two scenarios to assist the reader in determining the revenue lost to the Government of Canada.

Scenario A (Low Estimate)

With this scenario we show the lower rate of tax credits for all donations. This assumes that all personal tax filers making donations to religious charities donated less than \$200 in total to all charities in 2017. Scenario A provides a low estimate of the lost tax revenue for donations to religious charities in 2017.

Province / Territory	Provincial Tax Credits		Federal Tax Credits		Total Tax Credits
	Tax Rate	Amount	Tax Rate	Amount	
AB	10%	\$ 105,658,484	15%	\$ 158,487,726	\$ 264,146,210
BC	5.06%	\$ 53,559,470	15%	\$ 158,773,133	\$ 212,332,603
MB	10.8%	\$ 36,140,574	15%	\$ 50,195,242	\$ 128,499,820
NB	9.68%	\$ 14,380,350	15%	\$ 22,283,600	\$ 36,663,949
NL	8.7%	\$ 8,719,635	15%	\$ 15,033,854	\$ 23,753,489
NS	8.79%	\$ 13,211,083	15%	\$ 22,544,510	\$ 35,755,594
NT	5.9%	\$ 351,366	15%	\$ 893,304	\$ 1,244,670
NU	4%	\$ 46,968	15%	\$ 176,129	\$ 223,097
ON	5.05%	\$ 166,797,030	15%	\$ 495,436,722	\$ 662,233,752
PE	9.8%	\$ 3,524,417	15%	\$ 5,394,517	\$ 8,918,935
QC	20%	\$107,595,805	15%	\$ 80,696,854	\$ 188,292,659
SK	10.75%	\$ 24,361,389	15%	\$ 33,992,636	\$ 58,354,026
YT	6.4%	\$227,197	15%	\$649,681	\$ 926,879
Out of Country	Not Calculated				
Total					\$ 1,597,181,679

Table 2: Value of charitable donation tax credit by province assuming all donors make less than \$200 total charitable donations in the year.

²For information on how charitable tax credits are calculated please see the Government of Canada website: www.canada.ca/en/revenue-agency/services/charities-giving/giving-charity-information-donors/claiming-charitable-tax-credits/calculate-charitable-tax-credits.html

Scenario B (Realistic Estimate)

With this scenario, we show a higher rate of tax credits for all donations. For this example, we assume that all donations made to religious charities were made by donors who had already exceeded the \$200 threshold (donated \$200 to a different charity first) to receive a greater tax credit.

Province / Territory	Provincial Tax Credits		Federal Tax Credits		Total Tax Credits
	Tax Rate	Amount	Tax Rate	Amount	
AB	29%	\$ 306,409,604	21%	\$ 221,882,816	\$ 528,292,420
BC	14.7%	\$ 155,597,670	21%	\$ 222,282,386	\$ 377,880,056
MB	17.4%	\$ 58,226,481	21%	\$ 70,273,339	\$ 128,499,820
NB	17.4%	\$ 25,848,975	21%	\$ 31,197,039	\$ 57,046,015
NL	18.3%	\$ 18,341,302	21%	\$ 21,047,395	\$ 39,388,697
NS	21%	\$31,562,315	21%	\$ 31,562,315	\$ 63,124,630
NT	14.05%	\$ 836,728	21%	\$ 1,250,625	\$ 2,087,353
NU	11.5%	\$ 135,032	21%	\$ 246,581	\$ 381,613
ON	11.16%	\$ 368,604,922	21%	\$ 693,611,411	\$ 1,062,216,333
PE	16.7%	\$6,005,896	21%	\$ 7,552,324	\$ 13,558,220
QC	24%	\$129,114,966	21%	\$ 112,975,595	\$ 242,090,561
SK	14.75%	\$ 33,426,092	21%	\$ 47,589,691	\$ 81,015,783
YT	12.8%	\$ 554,395	21%	\$ 909,554	\$ 1,463,948
US	Not Calculated				
Total					\$ 2,597,045,450

Table 3: Value of charitable tax rebate if all donors have given other charities at least \$200.

Value of Donations:

Centre for Inquiry Canada prides itself in providing fact-based information. The accurate calculation of lost tax revenue related to tax rebates for donations to religious charities is difficult with the structure of and detail in the tax data provided through the CRA. However, working with this data we are confident that in 2017 Canadian tax payers provided more than \$1.597 billion in income tax relief to people donating to religious charities. Other variables indicate this amount could be \$2.597 billion or more.

Limitations of Information:

There may be additional factors in the Canadian tax law that could further influence the actual cost to Canadians of allowing “advancement of religion” as a charitable cause. We are aware of several limitations in the data which make it difficult to present a precise analysis, as follows:

- Charitable donations are eligible for non-refundable tax credits. This means that if a donor paid no income tax, they would not receive the charitable tax rebate. If this were true for a large number of donors, it could result in our estimate being higher than the actual cost.

- Some donations are made by corporations. Corporations deduct donations from their corporate income rather than receiving a tax rebate. The impact of corporate donations on the final cost is unknown.
- Many donors contribute appreciated stocks or real property to charity. This allows them to realize the full value of the charitable tax rebate and avoid paying capital gains on the sale of the item being donated. Depending on the amount of taxable gains and the tax rate of the personal tax filer, this could result in a significant additional tax saving to the donor.
- A tax credit rate of 33 percent applies to donations above the first \$200 when an individual's taxable income exceeds the top personal tax bracket of \$202,800. This is four percent more than donors who earned less than this tax bracket threshold.
- First time donors in 2017 were eligible for a “super tax credit” for donations. These first time donors received an additional 25 percent rebate on their donations during the year.
- Personal tax filers can save their charitable tax receipts for up to five years and can combine their receipts with their spouse. This should have little impact on the total value of the charitable tax receipts issued (assuming there were approximately as many receipts from previous years used in 2017 as were carried forward from 2017) however, it is likely to increase the proportion of donations in our Scenario B.

Conclusion:

Eliminating the “Advancement of Religion” category for charitable status from Canada’s Income Tax Act would retain an estimated \$2 billion in tax revenue for Canadians annually. This revenue could be used to reduce debt or to fund important programs.

The **Cost of Religion in Canada** is a series of reports published by the CFIC in an effort to promote public discourse and the examination of the social, cultural and political role and cost of religion in our society.

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