

# Tax Credits and Donations

Although almost four of every five Canadians (78%) donated an average of \$259 each to nonprofit and voluntary organizations in 2000, not all of these donors claimed a tax credit, according to the 2000 National Survey of Giving, Volunteering and Participating (NSGVP).<sup>1</sup> This fact sheet discusses the relationship between government tax credits for charitable donations and the donating behaviours of Canadians.

## How many and how much?

Although only 13% of donors said that an income tax credit was a reason for their donation, almost half (45%) indicated that they, or someone else in their household, intended to claim a tax credit for their charitable donations. Donors claiming a tax credit made more donations (4.9 donations, on average) and gave higher amounts (\$447, on average) than did those not claiming a tax credit (2.8 donations and \$110).

The percentage of donors intending to claim a tax credit for their donation increased with the amount of money donated. Among donors who gave \$213 or more,<sup>2</sup> 76% said that they or someone in their household intended to claim a tax credit. This group of top donors collectively accounted for 82% of the value of all donations in 2000. However, although most of this group said that they would claim a tax deduction, only 18% of them said that the income tax credit was a motivation for their donation.

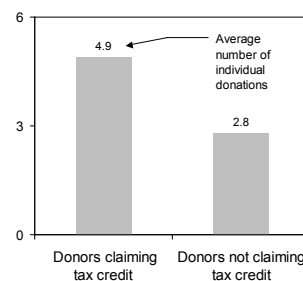
## Donor characteristics

The percentage of donors intending to claim a tax credit for their donation varied with the personal and economic characteristics of donors. For example, the percentage of donors claiming a tax credit increased with household income — from a low of 22% among donors with household incomes of less than \$20,000, to a high of 67% among donors with household incomes of \$100,000 or more.

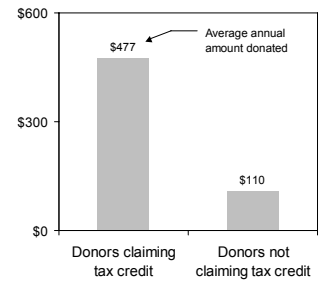
<sup>1</sup> NSGVP estimates are based on reports of charitable giving and volunteering over a one-year period by Canadians aged 15 and older.

<sup>2</sup> Donors who gave \$213 or more during 2000 are in the top 25% of donors.

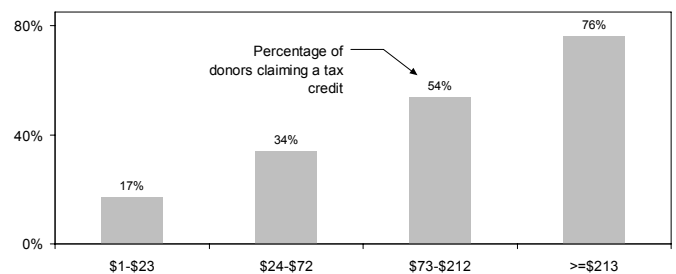
Number of Donations by Donor Tax Credit



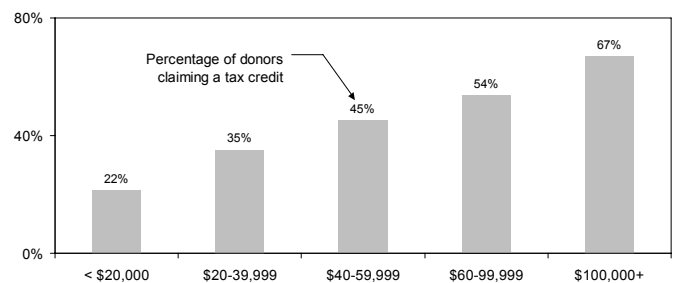
Donation Amount by Donor Tax Credit



Donation Amount by Intent to Claim Tax Credit



Donors Claiming Tax Credit by Household Income



### Strategic giving

Donors intending to claim a tax credit tended to be strategic in their giving behaviour. They were much more likely to decide in advance how much they would donate (64% vs. 36%) and which organizations they would support (59% vs. 41%) than were donors not claiming a tax credit. Additionally, 56% of those claiming tax credits donated regularly to the same organizations, while only 44% of those not claiming tax credits did so.

Donors to some types of organizations were more likely to claim a tax credit than were donors to other types of organizations. Nearly two thirds (65%) of donors to international organizations said they intended to claim a tax credit. Similarly, donors to environmental organizations and law, advocacy and political organizations were more likely to say they intended to claim a tax credit (63% and 62%, respectively). Health, social services, and education and research donors were among the least likely to say that they intended to claim a tax credit (52% each).<sup>3</sup>

### A better tax credit as a motivation for giving?

Almost half (49%) of all donors in 2000 indicated that they would contribute more if governments offered them a better tax credit in return for their donations. Donors who gave larger amounts were more likely to give this response. However, this response did not show clear variation with factors relating to higher levels of donations, such as age, education, and household income. This suggests that a better tax credit in and of itself may not necessarily lead to higher levels of donations.

<sup>3</sup> The percentage of donors contributing to professional associations & unions that intended to claim a tax credit cannot be reported, due to sample size limitations.

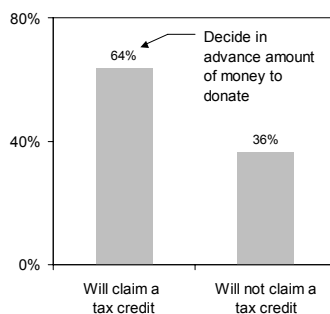
For more information on the 1997 and 2000 National Survey for Giving, Volunteering and Participating, including full text of the highlight report, *Caring Canadians*, *Involved Canadians*, please visit [www.givingandvolunteering.ca](http://www.givingandvolunteering.ca).

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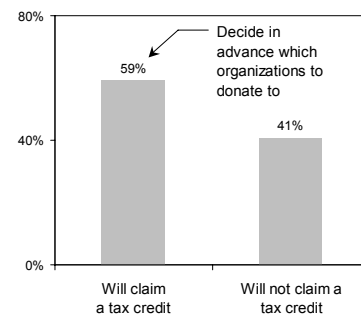
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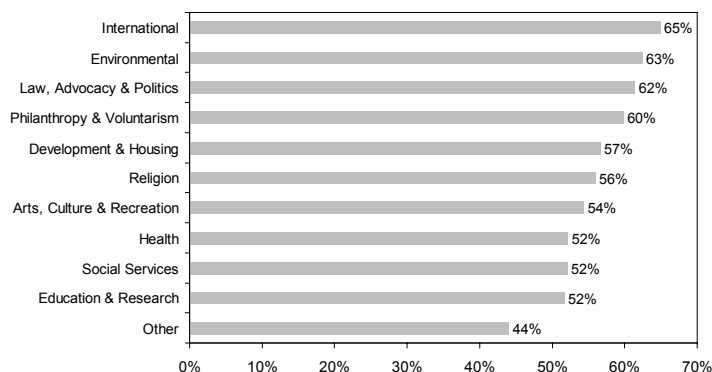
Percentage of Donors who Decide in Advance How Much Money to Donate



Percentage of Donors who Decide in Advance Which Organization to Give to



Donation to Organization Type by Intent to Claim a Tax Credit



Annual Amount Donated by Tax Claim

