

CHANGES TO AMT, DOES IT IMPACT YOUR DONORS?

On January 1, 2024 the changes to Alternative Minimum Tax (AMT) will be applicable to individual donations. Much has been written about this in the media, and yes there will be an impact on your donors, so what can you do?

1. Understand that it is donors with net income in excess of \$173,000 are the ones impacted. This is an increase from the \$40,000 threshold, and impacts in two ways:
 - a. Their tax savings from donations would be reduced since the proposal is to increase the base AMT rate from 15% to 20.5%.
 - b. Their donation tax credits may be reduced by 50%. Rather than nil capital gains for donation of the public securities, a 30% inclusion rate would apply.
2. Encourage all donors who have a large RRIF and taxable securities to explore the benefits of making a large gift of public securities in 2023, before the new AMT rules come into effect.
3. Remind your donors to explore the CSS Donor Advised Fund. They can prefund their charitable giving this year under the current rules then distribute to their favourite charities in the coming years. Funds held in their CSS DAF are used to bless Christian ministries with mortgages generating more funds for the donor to disburse over time.

Some other factors to remember:

1. Corporate donors are not impacted by these AMT changes.
2. AMT does not apply to donations in the year of death, so estate donations will not be affected.
3. Canada still has very good incentives for donations to charities, and while gifts to charities helps those charities, it does result in less money for governments who provide programs for all, such as health care, roads, community services, etc.

We understand this will impact some of your donors and encourage those we have contact with and who are able, to act before the change, what doesn't change is that gifting appreciated securities will continue to be a very effective way to support the charities you love.

We also encourage you our partners, in that while it may reduce the gift for some, we also know that for many of your supporters, the charitable gift is not about the tax receipt but honoring God with a giving heart and their support for your cause.

Other articles with details on this:

[Burrows](#) [Halpern](#) [Cadesky](#) [Blumberg](#) [Cestnick](#) [Golombeck](#) 