An Open Letter to the Prime Minister and the Minister of Finance

Dear Prime Minister and Finance Minister:

I have campaigned passionately over the years to open new sources of funding for Canada's charities and other non-profits, including my role in eliminating the capital gains tax on gifts of publicly traded securities to registered charities.

On behalf of the non-profit sector, I am now urging you to extend that exemption to the sale of private companies and real estate. To safeguard to the public interest, the sale would have to be at arm's length, and the donation would have to be made within 30 days of the sale.

The case for this proposal is compelling:

- It would give many business owners an incentive to transfer a portion of their wealth to a good cause, rather than to their families. The Canadian Federation for Independent Business, representing 109,000 private companies, strongly supports the proposal.
- Owners of private companies would have the same incentive for donating their shares to a charity as currently applies to those who take their companies public.
- The exemption would put Canadian non-profit groups on an equal footing with their U.S. counterparts. The current discrepancy is an important reason why U.S. non-profits tend to be far better endowed than their Canadian counterparts.
- Extending the capital gains exemption would generate an estimated $200 million in new charitable donations a year.
- Most importantly, expanded funding to our hospitals, universities and other non-profits will bring incalculable benefits to middle-class Canadians.

The sooner the expanded capital gains tax exemption takes effect, the sooner the benefits will start flowing. I therefore urge you to include this measure in the fall fiscal update.

Thank you!

Yours truly,

Donald K. Johnson, O.C., LL.D.