

New Donation “Super” Tax Credit for First Time Donors

by Martin Kretschmann CPA CA

As part of the 2013 Federal Budget, the federal government has introduced a new “Super Credit” for individuals making charitable donations for the first time in the last five years.

The “Super Credit” gives a donor an additional 25% federal credit on their donation to registered charities, if they or their spouse have not claimed any charitable donations since 2007. This is a special temporary credit that can only be claimed once within the next five years.

Normally, if someone living in Ontario made a charitable donation of \$1,000, they would receive a tax credit of \$361. The new “Super Credit” gives that first time donor an additional credit of \$250. Starting in 2013, that \$1,000 donation can reduce a first time donor’s income tax by \$611. This tax savings represents over half of their donation.

So, if you have not given to a charity in the last 5 years, or you may have given here and there but did not keep or claim your donation receipts, now is a great time to start giving and possibly catch up on charitable giving. Remember, by giving a local charity \$1,000 as a first time donor, you are really only out of pocket \$390 after accounting for the tax savings. (1)

Local charities provide many essential and needed services that people in your community rely on. Any amount you wish to donate will go to help fund their operations which improve your community and lives in your community. So think of a charity that may be close to your heart, or has helped someone you know and give today!

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(1) Assuming you had income taxes payable. The donation credit is a non refundable tax credit that reduces your income tax payable. As each taxpayer has different circumstances, you should consult your tax advisor on the impact of this credit on you.