

THE ALBERTA ADVANTAGE: 50% TAX REFUND ON YOUR DONATIONS!

When the Government changed our *Personal income tax system* from a tax *DEDUCTION* method to a system of tax *CREDITS*, they were limiting the tax refunds/credits to the top tax bracket taxpayers to the same amount as the lowest tax bracket taxpayers.

This was true for all items *except charitable donations*. For one's donations, the first \$200.00 donated would receive 25% of donations made (15% federal plus 10% Alberta – being the lowest tax bracket).

For donations in excess of this amount, one would receive a tax credit for the maximum federal tax rate of 29% PLUS the top tax rate for one's province of residence, being 10% in Alberta. This amounted to a total of 39%, which when compared to the 25% above, taxpayers in the lower brackets were receiving a distinct advantage for their donations.

However, a few years ago, Alberta quietly increased its donation tax credit (for donations above \$200.00) from 10% to 21%! Combined with the 29% Federal tax credit, an Alberta taxpayer receives a full 50% (HALF) of their donation back in tax credits! Of course one has to pay income taxes for this to work, but most of us, unfortunately, do pay taxes!

So, save your \$200.00 threshold donations and combine them with other years and claim in one year only. There is a five (5) year donation carry forward available. Combine spouses' donations under one spouse.

Better still, TODAY increase your support of your favorite qualified registered charity and let the tax man cover half the bill! Remember, charitable donations must be made/paid by DECEMBER 31, 2009!

WARNING : Like all advice, and especially with income tax matters, it is wise to talk to your accountant first and work through any significant donation support you may be planning, to insure the final result is as you anticipated it should be. With November and December being traditional "slower" times, your accountant will be pleased to sit down and insure this works for YOU!

PS. This (the above notes) does not work for taxable CORPORATIONS, as their tax system is based on income tax DEDUCTIONS; So they only save what they don't have to pay. Rather than make corporate donations, you might consider increasing one's wages and let the individual make and claim their donations personally. That will work!