



Ronald McDonald
House Charities®
Alberta

Proposed changes to Alternative Minimum Tax (AMT) calculation that donors should be aware of

Ronald McDonald House Charities (RMHC) Alberta is so grateful to the many donors who choose to support our mission with financial gifts. The federal government has proposed changes to the Alternative Minimum Tax (AMT) calculation which will reduce financial incentives for high income individuals to donate to charities. The impact of these changes is conservatively estimated to result in a decline of half a billion dollars in charitable sector revenues.

There have been many articles written on these proposed changes as well as advocacy efforts taking place to raise awareness of the negative consequences to charities. As a donor, we would ask you to educate yourself on what these changes could mean to you and the charities that you choose to support. You may wish to consider adjusting the timing of your donation to ensure you and your favorite charities are not adversely affected. The effective date for these changes is January 1, 2024, if enacted.

Summary of the Proposed Changes from Imagine Canada

Under the new model proposed by the 2023 federal budget, the AMT formula will raise its flat exemption from the current \$40 000 to a new exemption of \$173 000. This raises the base amount of income an individual would need to trigger the AMT. It will also raise the flat tax rate from 15% to 20.5%, meaning the AMT is still calculated at a low rate, but no longer the lowest.

Budget 2023 also proposed several amendments for calculating the adjusted taxable income for AMT purposes. Notably for the nonprofit sector, only 50% of most non-refundable tax credits, such as the credits an individual would receive from donating to registered charities, will be included in the AMT calculation. Previously, 100% of most non-refundable tax credits were included. Additionally, 30% of capital gains from donations of qualifying securities (e.g., publicly traded stocks, bonds, preferred shares, ETFs) will be included. Previously, 0% of capital gains on qualifying securities were included.

Other Resources:

[Charitable giving: How changes to AMT may impact your donations](#)

We always recommend you consult with your financial advisor when planning any gift.