



Ottawa, December 5, 2003
2003-061

Government Announces Restrictions on Charitable Donation Tax Shelter Arrangements

Related document:

- [Draft Amendments to the Income Tax Act.](#)

John Manley, Deputy Prime Minister and Minister of Finance, today released draft amendments to the [Income Tax Act](#) limiting the tax benefits of charitable donations made under [tax shelter](#) and other arrangements.

The amendments proposed today respond to concerns that various promoters are marketing charitable gifting schemes to the public in which property acquired by a taxpayer is donated to a charity at a value represented to be in excess of the taxpayer's acquisition cost. These "buy-low, donate-high" arrangements provide taxpayers with a tax benefit greater than their actual cost of the donated property. These proposed amendments will not apply to gifts of publicly traded securities, certified cultural property, ecological gifts, or real property situated in Canada.

As of 6:00 p.m. EST on December 5, 2003, the value of a gift of property for charitable donation purposes will be limited to a donor's cost of the property, where it is donated within three years of acquisition by the donor or is otherwise acquired through a gifting arrangement or in contemplation of donation.

The Minister also released draft amendments relating to limited-recourse debt and "split-receipting." These measures implement proposals introduced in Budget 2003 that address charitable donation arrangements that were promoted in recent years involving the use of limited-recourse debt. The draft amendments also incorporate changes put forward in December 2002 relating to the right to receive a benefit in respect of the donation.

References in the draft legislation to "Announcement Time" should be read as referring to 6:00 p.m. EST on December 5, 2003.