



NEWS RELEASE

Findings reveal volunteer tax credits could hurt charitable cash donations

(April 22, 2009) – A new findings report released today raises serious questions about whether a new tax credit for volunteering would be a good idea.

Amid economic challenges and reductions in corporate community and government budgets, voluntary organizations are also facing changing volunteering patterns brought on by demographic changes. An idea advanced in some circles, including the federal and Alberta governments, has been to create a new non-refundable tax credit that would allow individuals a deduction for personal time volunteered to registered charities. The idea has been advanced as a way of encouraging volunteering.

But a report commissioned by Volunteer Alberta warns that governments and the public should rethink a tax credit as a quick fix. In particular, the findings report suggests that creating a tax credit for volunteering could have the unintended affect of reducing cash donations to charities.

The report also observes that governments and nonprofit organizations would face major logistical challenges with such a tax credit. These would include the difficulty in determining an appropriate value for donations of time by volunteers; and difficulties in monitoring compliance.

The Potential Impact of Canadian Federal and/or Provincial Tax Credit Incentives for Volunteer Participation, written by **Clifford L. Spyker**, CA, PhD.(c) of Mount Royal College and **John Pelozo**, B.Bus.Admin, PhD. of Simon Fraser University, was commissioned by Volunteer Alberta, made possible by funding assistance from The Muttart Foundation and Mount Royal College.

Volunteer Alberta commissioned the report to contribute information and analysis that would advance the discussion about the usefulness and effectiveness of a volunteer tax credit.

“Volunteer tax credits are held up as an expedient solution to improve volunteer rates in Canada. That view is called into question by these findings,” said Karen Lynch, Executive Director of Volunteer Alberta. “This report is an important first step towards critically examining this issue.”

“We all share the goals of removing barriers to volunteerism and engaging more people as volunteers. We need to do this in an informed and thoughtful manner that doesn’t create unintended consequences.”

During National Volunteer Week, from April 19 to 25, this report offers a critical reflection for the future direction of the nonprofit/voluntary sector.

Volunteer Alberta is a capacity building organization that removes barriers in the nonprofit/voluntary sector allowing volunteers to engage in Alberta communities. Volunteer Alberta strategically connects leaders, members, organizations and networks creating possibilities within 19,000 nonprofit/voluntary Alberta organizations.

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For additional information or for interviews, please contact Alistair King at 780-909-2231 or ask@alistairking.ca
An executive summary of the report is attached.