



# QUICK GUIDE TO POLITICAL CONTRIBUTIONS IN ONTARIO

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# QUICK GUIDE TO POLITICAL CONTRIBUTIONS IN ONTARIO

## Who May Contribute?

Political contributions may be made by:

- a person normally resident in Ontario,
- a corporation that is not a registered charity and carries on active business in Ontario, and
- a district labour council, or trade-union that holds bargaining rights for employees in Ontario.

Contributions are prohibited from sources outside Ontario.

Unincorporated groups, such as partnerships, cannot contribute as a group. They must list the name and contribution of each individual within the group separately. However, officially endorsed affiliated political organizations, such as women's or youth groups, may contribute in the name of the group.

Associated corporations, so long as they each carry on active business in Ontario, are considered to be separate corporate contributors.

## How May Contributions Be Given?

**Only** contributions up to \$25 may be given in cash. Contributions over \$25 must be made by a cheque drawn on a financial institution account in the contributor's name, by a money order signed by the contributor or by a credit card embossed with the contributor's name.

**You must not contribute money that is not your own. You may not give anonymously.** The chief financial officer (CFO) of the party, constituency association or candidate to whom you are contributing must keep accurate records of the sources of all contributions. The CFO must know your name and address.

Besides money, you might also want to contribute goods or services. Donations of goods or services for which you would ordinarily be paid, count as political contributions. These are valued at their fair market value.

If you give a discount on goods or services sold to an association, candidate, leadership contestant or party, then the discount is considered a contribution.

However, you have the choice of declaring the total of your donated goods or services, if valued at \$100 or less, not to be a contribution.

Volunteer labour is work done on your own time for which you do not ordinarily get paid. It does not count as a political contribution and, therefore, is not eligible for a tax credit receipt.

When you buy tickets to a political fund-raiser, a portion of the ticket price will be considered a political contribution. The amount of such a contribution should be specified by the ticket seller at the time you buy the tickets.

You should take special care when purchasing tickets to fund-raising events. Before buying the tickets it is important to make sure that the purchase will not put you over the contribution limits.

Sometimes people want to run advertisements supporting or opposing a candidate. If such an ad is run with the candidate's knowledge and consent, and if its value is more than \$100, it will be considered a political contribution.

The chief financial officer who accepts your contributions will keep a record of each amount you donate during the year or campaign period.

However, it is **your** responsibility not to go over the contribution limits of the *Election Finances Act*.

If you contribute a total of more than \$100 in any year or campaign period to any one party, constituency association, candidate or leadership contestant, your name, address and the amount of your contribution will be in the public records.

## How Much May I Contribute?

In each year, any person, corporation or trade union may contribute up to \$9,300 to any provincial party. Also, you may contribute up to \$1,240 to any constituency association, but the total contribution to all constituency associations of the same party must not exceed \$6,200. This means the maximum annual political contribution allowed in a non-election year is \$15,500 to each registered party and its constituency associations.

During an election you may make extra contributions. At election time, you may give up to an additional \$9,300 to any provincial party and up to \$1,240 to any candidate so long as the total contribution to all candidates of the same party does not exceed \$6,200.

MAXIMUM CONTRIBUTIONS					
	To PROVINCIAL PARTY	To CONSTITUENCY ASSOCIATION		To CANDIDATE	
		Each	Total	Each	Total
Annually	\$9,300	\$1,240	\$6,200	Nil	
Extra During a Campaign Period	\$9,300	Nil		\$1,240	\$6,200

Should you exceed the contribution limit for a year or for a campaign period, you must return the tax credit receipt to the CFO before your excess contribution can be refunded to you. If the receipt is not returned, the prohibited portion of your contribution will be remitted to the Chief Electoral Officer.

## What Tax Credits Are Available?

### CONTRIBUTIONS BY INDIVIDUALS

For every political contribution you make, you will receive a receipt for tax credit purposes from the CFO. To claim your tax credit, you must attach this receipt to your Income Tax Return.

This tax credit is only for political contributions to Ontario parties, candidates and constituency associations registered with the Chief Electoral Officer. It is quite separate from the tax benefit available for contributions to federal political parties or to charitable organizations. There are no tax credits available for contributions to party leadership contestants.

The *Income Tax Act* allows reductions in the amount of tax you would have to pay by a percentage of your political contribution. Refer to the chart below.

TOTAL CONTRIBUTIONS	CREDIT CALCULATION	MAXIMUM CREDIT
Up to \$372	75% of contribution	\$279
\$372 to \$1,240	\$279 plus 50% of the amount over \$372	\$713
More than \$1,240	\$713 plus 33 $\frac{1}{3}$ % of the amount over \$1,240 OR \$1,240, whichever is less	\$1,240

The maximum tax credit of \$1,240 is obtained when contributions total \$2,821.

Political tax credits are claimed along with property, sales, and student hiring tax credits. If the total of tax credits exceeds the total Ontario tax payable the amount is refundable. The tax credit can be claimed only for the year of the contribution.

Either the contributor or the contributor's spouse may claim this tax credit. However, a single contribution cannot be split between spouses.

## CONTRIBUTIONS BY CORPORATIONS

The tax credit for corporations works differently. Corporations may deduct up to \$16,800 from their Ontario income for taxation years before 2009.

The Ministry of Finance announced on December 30, 2008 that the government proposes to introduce legislation in the spring of 2009 to convert the existing tax deduction into a non-refundable tax credit. If approved by the Legislature, a 14 per cent non-refundable tax credit for corporations making eligible Ontario political contributions would be instituted and would be effective for taxation years ending after December 31, 2008. The announcement states that unused contributions, including those from pre-2009 taxation years, would be available to be carried forward and claimed for up to 20 years. We understand that, similar to the current deduction, the maximum amount of contributions eligible for the proposed corporate tax credit would be adjusted every five years based on an indexation factor established under the *Election Finances Act*.

For further information, you should consult the Ministry of Finance website at <http://www.fin.gov.on.ca/english/media/2008/nr12-tax.html>