

Political Contributions Tax Credit for Corporations**4013**

Application	This Bulletin replaces Interpretation Bulletin 3002R2. The information contained in this Bulletin applies to corporations that wish to claim the Political Contributions Tax Credit (PCTC). Individuals who wish to claim a tax credit should refer to the Information Bulletin titled “Political Contribution Tax Credit for Individuals” for more detailed information.
Purpose	The PCTC is a non-refundable tax credit found in sections 53.1 & 53.2 of the <i>Taxation Act, 2007</i> (TA 2007), and can be used for taxation years ending after December 31, 2008. It replaces the tax deduction found in section 36 of the <i>Corporations Tax Act</i> , which was available for taxation years ending before January 1, 2009.
Tax Credit Calculation	<p>The PCTC is equal to the least of:</p> <ul style="list-style-type: none">• the corporation’s eligible contribution balance x the basic rate of tax• \$15,000 x the indexation factor x the basic rate of tax• the corporation’s Ontario income tax payable. <p>The corporation’s eligible contribution balance is the total of the eligible contributions made in the current taxation year and any available carryforwards from the previous 20 taxation years.</p> <p>The indexation factor is in accordance with the <i>Election Finances Act</i> (EFA) and is adjusted every 5 years based on the Consumer Price Index. The current indexation factor is 1.24 and is applicable for the 2009 to 2013 calendar years. The basic rate of tax is in accordance with subsection 29(2) of the TA 2007 and is currently 14%.</p> <p>Based on the current indexation factor, the annual limit for political contributions is \$18,600, and based on the current basic rate of tax, the maximum tax credit that a corporation can claim in a year is \$2,604.</p> <p>The corporation’s Ontario income tax payable is determined before deducting the:</p> <ul style="list-style-type: none">• PCTC• Ontario research & development tax credit• corporate minimum tax credit• refundable tax credits.
Ontario Allocation	The PCTC is not adjusted for situations where the Ontario allocation is less than 100%.
Short Taxation Years	The PCTC is not adjusted for taxation years that are less than 365 days.

Eligible Contribution

An eligible contribution is made under the EFA to a registered candidate, a registered constituency association, or a registered party. The PCTC cannot be claimed for contributions to municipal or federal elections.

Contributions made under the EFA are subject to the following maximum limits for the 2009 to 2013 calendar years:

- \$9,300 ($\$7,500 \times 1.24$) per calendar year for any one registered party
- \$9,300 per campaign for any one registered party
- \$1,240 ($\$1,000 \times 1.24$) per calendar year for any one constituency association
- \$6,200 ($\$5,000 \times 1.24$) per calendar year for all constituency associations of any one registered party
- \$1,240 per campaign for any one registered candidate
- \$6,200 per campaign for all registered candidates of any one registered party.

Official Receipts

Although required by the TA 2007, a corporation does not have to attach political contribution receipts to its tax return. However, a breakdown should be provided in order to verify that the political contributions have not exceeded the maximum limits. Official receipts should be retained for audit purposes.

Taxation Year Straddling January 1, 2009

For a taxation year straddling January 1, 2009, the indexation factor is 1.24 and is applicable to all eligible contributions made in the taxation year, including those made in the 2008 calendar year.

For More Information

The Canada Revenue Agency handles general enquiries about the PCTC. For more information, call:

- 1 800 959-5525 (English)
- 1 800 959-7775 (French)
- 1 800 665-0354 for teletypewriter (TTY)

Disclaimer

The information contained in this publication is provided only as a guideline and is not intended to replace the legislation.

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la Loi sur les renseignements exigés des personnes morales».
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