

Tax Tip

Week of March 28, 2011

Political Contributions

With the announcement of the May 2 election, individuals should be aware of the rules for donations to the federal parties. Individuals receive a tax credit for contributions and the credit is calculated as follows:

75% of the first \$400

50% of the next \$350

33.3% of the next \$525

This results in a maximum tax credit of \$650 and is reached at a contribution level of \$1,275. The contribution limits for individuals are

- no more than \$1,100 in any calendar year to each registered political party
- no more than \$1,100 in total in any calendar year to the various entities of each registered political party (registered associations, nomination contestants and candidates)
- no more than \$1,100 to each independent candidate for a particular election

To qualify as an eligible contribution, funds can be given to a federally registered party, a registered association or a federal candidate.

There are numerous rules on federal political contributions, including:

- The maximum cash contribution is \$20
- It is illegal to make a political contribution with money that was given by a third party so that a contribution can be made in your name