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The Debate over Volunteer Tax Credits: Good for some, bad for others?

Canada boasts a rich voluntary sector that strengthens the country's communities and leads positive change. Canada's voluntary sector is second in the world only to that of the Netherlands, with 12.5 million volunteers contributing 2.1 billion hours of service each year. But the landscape of volunteering is changing, as Canada's most active and dedicated volunteers – mainly seniors and retired baby boomers – reduce their volunteer hours as they age. Maintaining Canada's culture of volunteering is crucial, but opinions vary on how to preserve volunteerism.

Some politicians and organizations propose issuing tax credit incentives to volunteers as a possible solution to the problem of recruiting and retaining volunteers. In 2008, [Peter Stoffer](#), Member of Parliament for Sackville-Eastern Passage, Nova Scotia, introduced a Private Member's Bill proposing that taxpayers who volunteer at least 250 hours be issued a tax credit up to \$1,000.00. Supporters of tax credit incentives say they serve as recognition of voluntary participation, rather than an economic evaluation of volunteer contributions. The federal government already issues tax credits for charitable donations, to recognize and reward charitable giving.

Opponents of the Bill argue that providing payment in the form of tax credits delves into the dangerous territory of placing an [economic value on a volunteer's time and effort](#). Those opposed also believe a tax credit incentive program would place a heavy burden on non-profit and charitable organizations, because of the amount of paperwork and administrative effort required to track volunteer hours.

In February 2011, Alberta's [Wildrose Alliance Party](#) introduced a social strategy that would introduce a tax credit incentive for volunteers. Many experts, including [Volunteer Alberta](#), have voiced their opposition to this plan. Volunteer Alberta released a study in 2009 that found there is no evidence volunteer tax credits would increase volunteerism. The report suggests tax credits could hurt volunteerism by changing the definition of volunteering. Volunteering is commonly defined as people freely offering their time.

At the provincial level, some specialized tax credit incentives exist. Quebec offers a tax credit for volunteer respite services. In 2007, Nova Scotia began offering a tax credit to volunteer firefighters and ground search and rescue crews.

Federally, a tax credit for volunteer firefighters is widely supported. In 2010, Conservative Party MP [Helena Guergis](#) stood in the House of Commons to introduce the idea of a \$3,000.00 tax credit for volunteer firefighters, based on a petition developed by the Canadian Association of Fire Chiefs. Liberal Leader [Michael Ignatieff](#) has pledged his support for the tax credit. The 2011 federal budget contains a \$3,000.00 tax credit for volunteer firefighters.

In 2008, Ruth MacKenzie, President and CEO of Volunteer Canada, [addressed the Standing Committee on Finance](#) to speak about tax credits for volunteer firefighters, as they differ from general volunteer tax incentives. MacKenzie explained that while most people volunteer when it is convenient for them, emergency service volunteers are called to action any time an emergency strikes, regardless of personal or career obligations. Volunteer firefighters provide an essential service, and they are instrumental to Canada's emergency response sector – 80 per cent of all Canadian firefighters work on a voluntary basis. In addition, the financial burden placed on firefighters is significant – the cost of training and equipment can be a heavy burden on volunteers – and a tax credit could help offset these costs.

The issue of volunteer tax credit incentives is a divisive one. While many people believe offering volunteer tax credits is a good practice in specific circumstances, it is clear a general tax credit incentive would place a

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burden on voluntary organizations. Moreover, some believe a tax credit could fundamentally change the definition of a volunteer.

What do you think about tax credit incentives for volunteers? Share your thoughts on Volunteer Canada's [Twitter](#) or [Facebook](#) page.

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Hot Topic Debate: Key Players weigh in on volunteer tax credits

Karen Lynch – Executive Director, Volunteer Alberta

As Executive Director of Volunteer Alberta, Lynch commissioned "[The Potential Impact of Canadian Federal and/or Provincial Tax Credit Incentives for Volunteer Participation](#)", a report funded by the Muttart Foundation. The report questions the validity of arguments supporting a volunteer tax credit, and examines the impact tax credit incentives might have on voluntary organizations.

"I kept hearing people making suggestions that somehow tax credits would increase volunteering in Canada without having any evidence of this. I wanted to see if there was any validity to the argument, so [Volunteer Alberta] decided to do empirical, solid research on the subject ... There is no evidence that a tax credit incentive would increase the level of volunteerism and in fact, it would change the definition of volunteering fundamentally. Volunteering would no longer be the free giving of a person's time ... Tax credits for volunteer firefighters, though, are completely different. It is the only emergency response that relies on volunteers. Firefighting is an essential service and these people are leaving their work or their family to volunteer."

Georg Stratemeyer – Executive Director, Volunteer Cowichan; Instructor, Issues in Non-Profit Management at Vancouver Island University

As an instructor in non-profit management, [Stratemeyer](#) assisted his class in developing a report on the feasibility and potential benefits of providing tax credits to volunteers in recognition of their contributions. The study, "[Tax Credit Incentives for Volunteer Participation: A White Paper Supporting the Policy](#)" is an unfunded project authored by a diverse group of people working in the voluntary sector.

"We're suggesting there should be recognition of volunteer time in the form of a tax deductible credit. Volunteer time would be evaluated based on the minimum wage in each province, to side step the issues of providing economic measures of volunteer time. This is meant to be a nominal recognition, not an estimation of the economic contribution volunteers make. Appropriate recognition of volunteer time is important ... I don't think the argument about organizational capacity is a valid one. It focuses the argument on the organization rather than the volunteer. What we're talking about is volunteer recognition, not organizational capacity. Talking about volunteer recognition from an organizational perspective, you're not recognizing the needs of the volunteer, you're talking about the limitations of organizations, and that is an argument about why organizations should do a better job, not why volunteers shouldn't be recognized in that way."

Marilyn More – Nova Scotia MLA; Minister of Education, Labour and Workforce Development; and Minister of Volunteering

In her role as Minister of Volunteering, the [Honourable Minister More](#) oversees issues facing the voluntary sector in Nova Scotia. The province issues [tax credits](#) to volunteer firefighters and search and rescue volunteers. These volunteers are eligible for a \$500.00 income tax credit.

"The tax credit [of \$500.00 issued to volunteer firefighters] is meant to recognize that volunteer firefighters give very generously of their time and expertise for the protection of Nova Scotians ... There is no plan to extend the credit [to other volunteers] but as the Minister of Volunteering, I'm continually looking at how this issue is being addressed within the sector. There are retention, training, and recruitment issues facing the sector."

Want to weigh in on the tax credit debate? Share your thoughts on Volunteer Canada's [Twitter](#) or [Facebook](#) page.

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Q & A with MP Helena Guergis: Tax credits for volunteer firefighters

Conservative MP Helena Guergis asked the House of Commons to support a \$3,000.00 tax credit incentive for volunteer firefighters, an idea developed by the Canadian Association of Fire Chiefs.

Volunteer Canada: Can you explain the tax credit petition you've launched?

Helena Guergis: I called on the Government in the House of Commons on February 8, 2011 and the communities to stand up for our firefighters and sign and circulate my petition for the Government of Canada to introduce a tax credit. On average each volunteer gives 443 hours of service, the equivalent of 60 work days a year. Small communities are under severe financial stress and cannot afford a full time fire department when the demand for services is unpredictable and the skills, time and equipment needed vary.

VC: Why did you decide to introduce the idea of a \$3,000.00 volunteer tax credit in the House?

HG: I want to support the volunteer firefighters not only in my riding but across Canada and I want Min Flaherty to include the credit in the spring budget. By introducing this idea in the house I was able to draw attention to this very important issue.

VC: What do you hope such a credit would accomplish?

HG: Replacing these volunteers with paid staff is not an option. One solution proposed by fire fighters across the country is for a tax credit to help offset their personal costs. I support this solution and believe a \$3,000 non-refundable tax credit to would also help address the problems of retention and recruitment.

VC: Has your proposal been getting much support, on and off the Hill?

HG: In addition to the thousands of signatures this petition has received by my constituents, it has also been supported and endorsed by the Association of Canadian Fire Chiefs, the *Federation of Canadian Municipalities* and the *Association of Municipalities of Ontario*.

VC: What are the next steps you'll be taking?

HG: I will continue to encourage the government to introduce this tax credit in their upcoming budget. *When House returns to session on March 21st, I will present the signed petitions to Finance Minister Jim Flaherty being tabled later in the week.*

VC: The credit you're proposing is specifically for volunteer firefighters – why?

HG: Volunteer firefighters are critical in protecting lives and property in rural communities across Canada. My riding of Simcoe-Grey consists of 8 small municipalities that depend on volunteer firefighters. Simcoe-Grey is experiencing tremendous growth and the needs placed on our volunteer firefighters is enormous.

VC: Do you think the idea of tax credit incentives should be extended to other volunteers as well?

HG: I am not discounting the commitment or dedication of volunteers in other fields, however the role of a firefighter, although very rewarding is also very dangerous, and this tax credit would assist in the recruitment and retention of more volunteers, which are vital to our rural communities.

Have an opinion on tax credits for volunteer firefighters? Share your thoughts on Volunteer Canada's [Twitter](#) or [Facebook](#) page.

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Tax Credits in the News: Links

Ottawa Citizen: Why not give all volunteers a tax break?

Friday, March 25, 2011

<http://www.ottawacitizen.com/life/give+volunteers+break/4500875/story.html>

The Western Star: Volunteer firefighters say tax credit a good incentive

Thursday, March 24, 2011

<http://www.thewesternstar.com/News/Local/2011-03-24/article-2360586/Volunteer-firefighters-say-tax-credit-a-good-incentive-1>

CBC News: Firefighter tax credit wins chiefs' praise

Wednesday, March 23, 2011

<http://www.cbc.ca/news/canada/prince-edward-island/story/2011/03/23/pei-firefighter-tax-credit-584.html>

Calgary Herald: Credit aimed at improving volunteer firefighter retention

Wednesday, March 23, 2011

<http://www.calgaryherald.com/life/Credit+aimed+improving+volunteer+firefighter+retention/4488172/story.html>

Toronto Sun: Budget offers up benefits for rural Canadians

Tuesday, March 22, 2011

<http://www.torontosun.com/news/canada/2011/03/22/17715596.html>

The National Post: Wildrose unveils warm fuzzy side

Tuesday, February 8, 2011

<http://www.nationalpost.com/todays-paper/Wildrose+unveils+warm+fuzzy+side/4240507/story.html>

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