ABSTRACT. Corporate contributions play a significant role in the funding of Canadian charitable institutions. In this paper, the trends of absolute and relative contributions, as reported by Taxation Statistics and Statistics Canada figures, are given on a yearly and industry basis. Some reasons for the trends are suggested. A number of policy issues related to contributions are presented. Their role in the present contribution situation is set out and a number of suggestions for changes are given in an attempt to create a dialogue between the various parties affected—charitable institutions, corporations, individual citizens and governments.

1. INTRODUCTION

Corporate charitable contributions are one of the earliest and more overt forms of corporate social action. In 1930 both corporations and individuals were first allowed tax deductions for charitable contributions. These were set at 10% of net taxable income. Currently, Section 110 of the federal Income Tax Act permits deductions up to a maximum of 20% of income for gifts to registered Canadian charities, amateur athletic organizations, municipalities, hospitals and universities. It allows for a one-year carry forward of exemptions unused in the current taxation year and it allows unlimited deductions to certain government institutions.

The increasing number of requests received by corporations is an indication that by and large private citizens accept this role for corporations. The increasing amount given by corporations is evidence that continue to accept this role for themselves. Within a social responsibility framework, corporations have been called upon to broaden the base of discretionary social activities and even more importantly to accept responsibility for the social effects resulting from regular business activities. At the same time the downturn of the Canadian economy has generally left less funds available for such activities. Given these somewhat diverse conditions (i.e., calls for increased social action and accountability along with lower profits and increasing uncertainty) it seems worthwhile to look at past corporate
charitable activities both as a means to help estimate the future role of corporations in this area if present practices continue and to consider some alternatives for change.

This paper looks at taxation statistics from 1958 to 1975 for Canadian corporate, Canadian aggregate discretionary individual and U.S. corporate contributions both from an absolute dollar perspective and relative to their abilities to contribute. In Section 3, recent survey research data relevant to Canadian corporate contributions is presented. Section 4 deals with some of the underlying reasons as to why corporations choose to contribute or not, while Section 5 addresses the rate of giving. Patterns of corporate donations by recipient groups and some information on the number of requests and their relation to contributions are given in Section 6. The final section, 7, addresses policy questions related to corporate contributions.

2. THE VIEW FROM TAXATION STATISTICS

If we look at Revenue Canada taxation records to see what exemptions have been allowed corporations, we see that the total amount donated has shown a slow but steady increase from 1958 to 1967, a dip from 1967 to 1971, a rapid increase from 1971 to 1974 and a dip again in 1975 (See Table I and Graph 1). During this same time period, aggregate individual discretionary donations\(^1\) have shown a much greater fluctuation, have increased rapidly since 1971 but show no downturn in 1975. Corporate donations as a percentage of the combined total of corporate and discretionary individual donations have climbed from 10.4% in 1958 to a high of 23.3% in 1967 and are at 16.1% in 1975 (See Table I and Graph 2).

Looking at corporate contributions relative to their ability to contribute, which for corporations is reflected in profits, for the period 1958 to 1975 we see that the opposite situation has developed. Corporate donations as a percentage of book profits before taxes have decreased steadily from 1.3% in 1958 to 0.4% in 1975. Once again, however, the corporate situation is paralleled by the discretionary individual donation pattern which decreased from 2% of total assessed income in 1958 to .5% in 1975 (See Table I).

Comparing Canadian corporate donations as a percentage of book profits before taxes with their counterpart U.S. corporate donations, we find the U.S. corporate donations have increased from 0.96% in 1958 to a high of 1.26% in 1969 and are at 1.03% in 1975 (See Table I). U.S. corporate dona-