

Publication 597 (08/2009), Information on the United States—Canada Income Tax Treaty

Charitable Contributions

United States income tax return- Under Article XXI, you may deduct contributions to certain qualified Canadian charitable organizations on your United States income tax return. Besides being subject to the overall limits applicable to all your charitable contributions under U.S. tax law, your charitable contributions to Canadian organizations (other than contributions to a college or university at which you or a member of your family is or was enrolled) are subject to the U.S. percentage limits on charitable contributions, applied to your Canadian source income. If your return does not include gross income from Canadian sources, charitable contributions to Canadian organizations are generally not deductible.

Example

You are a U.S. citizen living in Canada. You have both U.S. and Canadian source income. During your tax year, you contribute to Canadian organizations that would qualify as charitable organizations under U.S. tax law if they were U.S. organizations.

To figure the maximum amount of the contribution to Canadian organizations that you can deduct on your U.S. income tax return, multiply your adjusted gross income from Canadian sources by the percentage limit that applies to contributions under U.S. income tax law. Then include this amount on your return along with all your domestic charitable contributions, subject to the appropriate percentage limit required for contributions under U.S. income tax law. The appropriate percentage limit for U.S. tax purposes is applied to your total adjusted gross income from all sources.

Qualified charities

These Canadian organizations must meet the qualifications that a U.S. charitable organization must meet under U.S. tax law. Usually an organization will notify you if it qualifies. For further information on charitable contributions and the U.S. percentage limits, see Publication 526, *Charitable Contributions*.

Canadian income tax return

Under certain conditions, contributions to qualified U.S. charitable organizations may also be claimed on your Canadian income tax return if you are a Canadian resident.

For further information please go to the following IRS link and/or consult your financial advisor;
http://www.irs.gov/publications/p597/ar02.html#en_US_publink1000104531