



# Cooperative Development Tax Credit

Facilitating Cooperation amongst Cooperatives



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## Creation of Tax Credit

- September 2007 – Monica Adeler began research on “Enabling Policy Environments to Facilitate Co-op Development”
- Looked at tax policy in Italy, Spain and Quebec that facilitates co-op development
- August 2008 – research complete

[http://usaskstudies.coop/socialeconomy/?page\\_id=189](http://usaskstudies.coop/socialeconomy/?page_id=189)



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## Creation of Tax Credit

- November 2007 – Provincial Government announces that they will spend \$250,000 per year for the next 5 years on Co-op Development
- December 2007 – Initial conversations between MCA, CDEM and Province occur
- Summer 2008 – Consultations for the Development of Co-op Community Strategy



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## Creation of Tax Credit

- December 2008 – Completed Strategy Presented to Minister responsible for Co-op Development
- “The Strategy aims to stimulate, broaden and sustain the development of a socially and economically successful Manitoba cooperative community.”

<http://www.manitoba.coop/index.php?page=strategy>



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## Creation of Tax Credit

- Within the strategy, there are 3 strategic objectives
  - Creating a more supportive environment for the establishment and on-going operation of cooperatives
  - Fostering a better awareness and understanding of the value and the principles of cooperatives
  - Providing better infrastructure supports and services for cooperatives



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## Creation of Tax Credit

- Meanwhile, throughout 2008 and 2009 meetings were held with the Provincial Department of Finance to discuss tax instruments that could be used to strengthen co-op development capacity in Manitoba



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## Creation of Tax Credit

- January 2010 – Erwan Bouchaud was hired as the Strategy Project Manager
- March 2010 – Creation of Co-op Development Tax Credit announced in the Provincial Budget
- April 2010 – first meeting of Strategy working groups identified the implementation of tax credit as top priority



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## Creation of Tax Credit

- Summer 2010 – mechanism and regulation created within the Income Tax Law
- October 1, 2010 – MCA able to accept first contributions to the fund
- December 2010 – MCA hires Cheryl Krostewitz as a Co-op Developer and Fund Administrator



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## Co-op Development Tax Credit

- First of its kind in Canada
- Created to encourage cooperation amongst cooperatives – the 6<sup>th</sup> co-op principle
- Would not have been possible without the support of many community members and the Province



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## Activities of the Fund

- The Tax Credit Fund is managed by the Manitoba Cooperative Association to do the following:
  - Provide Technical Assistance
  - Coordinate Existing Supports and Services
  - Provide Grants and Strategic Investments
- MCA must submit an Annual Plan to the province to outline specific activities and budgets



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## Tax Credit Structure

Amount of Contribution	Tax Credit
Upto \$1,000	75% refundable tax credit
\$1,000 to \$10,000	75% non-refundable tax credit
\$10,000 to \$30,000	50% non-refundable tax credit
\$30,000 to \$50,000	33.3% non-refundable tax credit



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## Tax Credit Design

- To solicit contributions from the many as opposed to the few
- All co-ops in Manitoba are eligible to contribute (including non-profit)
- MCA will issue tax receipts on contributions based on first come, first serve
  - Cap for 2011 is \$200,000 in credit



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## Goals

- Cooperation among Cooperatives!
- MCA raised \$72,000 in contributions for 2010
- Provide approximately \$35,000 in grants to co-op development projects
- Assist co-ops by providing technical assistance
- Raise \$120,000 in 2011



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## For More Information

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