

CARTERS

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The Ottawa Region 2017 *Charity & Not-for-Profit Law Seminar*

Ottawa – February 16, 2017

WHAT'S NEW AT THE CHARITIES DIRECTORATE

By Tony Manconi, B.A.
Director General of the Charities Directorate
of Canada Revenue Agency



Charity and Not-for-Profit Law Seminar

February 16, 2017
Presented by Tony Manconi, B.A.

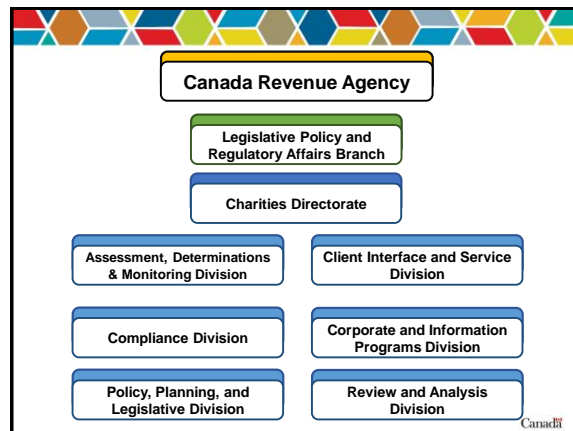
Canada Revenue Agency / Agence des Revenus du Canada

Presentation Outline

- ✿ Know the difference: Charity vs. Not-for-Profit
- ✿ Charities Directorate overview
- ✿ Update on recent education products
- ✿ *Credit Counselling Services of Atlantic Canada Inc. v Minister of National Revenue*
- ✿ Consultations on political activities
- ✿ Revenue generation activities
- ✿ Charities IT modernization
- ✿ Compliance activities
- ✿ Report on Charities Program
- ✿ Priorities of the Charities Directorate

Know the difference

Registered Charity	Not-for-Profit Organization
Must be established and operate exclusively for charitable purposes	Can operate for a variety of purposes except for profit
Must apply to the Charities Directorate and be approved for registration as a charity	Does not have to go through a registration process
Can issue official donation receipts for income tax purposes	Cannot issue official donation receipts for income tax purposes
Must file an annual information return (Form T3010)	May have to file a T2 return (if incorporated) or an information return (Form T1044) or both
Charities Directorate as primary contact for information and guidance. 1-800-267-2384	CRA Business Enquiries as primary contact for information and guidance. 1-800-959-5525



Update on education products

✿ Guidance on:

- ✿ Relieving conditions attributable to being aged
- ✿ Retention of envelopes
- ✿ Other qualified donees: Low-cost housing corporations for the aged, prescribed universities outside Canada, and foreign charities that have received a gift from Her Majesty in right of Canada

✿ Other:

- ✿ Videos on gifting and receipting
- ✿ Infographics, interactive quizzes, and banners
- ✿ Web pages to assist charities in the context of the Alberta wildfires and the Syria crisis

Credit Counselling Services of Atlantic Canada Inc. v MNR

- ✿ Under the relief of poverty, assistance provided must be to persons in poverty.
- ✿ Poverty is a relative term.
- ✿ Prevention of poverty is not a charitable purpose.

Political Activities Consultations

Online consultation Fall 2016. Asked for feedback on:

- Awareness of the rules and issues/challenges with those rules
- Usefulness of current policies and educational resources
- Suggestions for changes to be made to the rules

Received almost 20,000 e-mails (only 460 unique responses)


In person consultations December 2016

- Halifax, Montréal, Ottawa, Toronto, Winnipeg, Calgary, and Vancouver
- Moderated by an external facilitator
- 167 total attendees




Political Activities Consultations

- Consultation Panel members:
 - Marlene Deboisbriand (Chair of the Panel)
 - Peter Robinson
 - Kevin McCort
 - Susan Manwaring
 - Shari Austin
- The Panel will make recommendations to the Minister in Spring 2017, based on the in-person and online consultations feedback.




Revenue Generation

- Member of the Interdepartmental Social Finance Working Group led by ESDC
- Currently analyzing social finance/social enterprise/special innovation
- Currently considering changes to CG-014, *Community Economic Development Activities and Charitable Registration*, and CPS-019, *What is a related business?*




Charities IT Modernization "CHAMP"

- Reduce administrative burden
- Modernize business & meet sector needs
- Support Open Government (data)
- Improve compliance



Charities IT Modernization "CHAMP"

- Online filing features:
 - Built in validations to reduce adding errors and double reporting
 - Built in help text to explain complex terms
 - Prompts to ensure form is complete and that financial statements are included
- Online filing benefits:
 - Reduced costs
 - improved processing times
 - increased compliance



Compliance

Filing your annual return on time

- It is important to file your Registered Charity Information Return on time
- Your return is due within six months of your fiscal period end
- In the last two years, 1200 charities were revoked for failure to file their return



Consequences of revocation

- ✿ Cannot issue official donation receipts
- ✿ No longer qualify for exemption from income tax
- ✿ Must transfer all remaining assets to an eligible donee or pay the revocation tax
- ✿ Could impact GST/HST rebates
- ✿ Will need to go through the full registration process to re-register
- ✿ Liable to pay a late filing-penalty of \$500

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Annual Report Charities Program

Information on:

- ✿ The mission, vision, structure, and roles of the Directorate
- ✿ The four categories of charity
- ✿ The charitable sector in Canada
- ✿ The Directorate's regulatory process, including applications for registration, audits, and recourse
- ✿ The Directorate's outreach and engagement activities, including guidance and consultations
- ✿ "What's Next" for the Directorate, including upcoming projects and activities

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Priority Setting

- ✿ The Charities Directorate's priorities are being identified through:
- ✿ Ministerial mandate
 - ✿ Collaboration with other government departments
 - ✿ Consultations with the public
 - ✿ Sector feedback
 - ✿ Operational issues and challenges

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Priorities for the Charities Directorate:

- ✿ Ministerial mandate commitments
- ✿ Program delivery
- ✿ Service
- ✿ Guidance

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Thank You!

www.cra.gc.ca/charities

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