

**CARTERS**

BARRISTERS  
SOLICITORS  
TRADEMARK AGENTS

**The 2018 Ottawa Region  
Charity & Not-for-Profit Law  
Seminar  
Ottawa – February 15, 2018**

**CHALLENGES IN REGULATING  
THE CHARITABLE SECTOR:  
LOOKING BACK AND GOING  
FORWARD**

**By Tony Manconi, B.A.**  
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### Challenges in Regulating the Charitable Sector: Looking Back and Going Forward

by  
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Canada Revenue Agency / Agence des revenus du Canada



## The Past

- ✦ The *War Charities Act* of 1917;
- ✦ 1962: the Department of National Revenue maintained lists of registered charities, but had no formal registration process;
- ✦ 1966: legislated registration process, reporting requirement, and donation receipt requirements;
- ✦ From 'the Charitable Organizations section' with 4 employees to the Charities Directorate with 282 employees.



## Today


The Charities Directorate, administers a system to register charities under the *Income Tax Act*. As the regulator of charities, the CRA's responsibilities include:

- ✦ processing applications for registration;
- ✦ offering technical advice on operating a charity;
- ✦ handling audit and compliance activities; and
- ✦ providing general information to the public.



**Our goal:** to promote compliance through education, quality service and responsible enforcement.


In accomplishing this goal, the charitable sector will be supported in advancing the social well-being of Canadians.



## What we've been up to and what to expect going forward


### Registering charities

- ✦ Focusing on client service: changes to our letters, [new online tools](#), new processes;
- ✦ Going forward: modernize our approach to screening and reviewing applications for charitable registration and reduce wait time by:
  - ✦ moving towards one service standard regardless of the complexity of the application April 1, 2018; and
  - ✦ working with our provincial and territorial partners to update the information they provide on registration as a charity at the federal level.




## Engaging with the sector

- ✦ Strategy to streamline procedures to ensure the most efficient and timely service to clients;
- ✦ New tool for [public document requests](#);
- ✦ New innovative [videos](#) on topics of concern to the charitable sector;
- ✦ Other forms of innovative outreach: video tweets, graphic visual representations ([infographics](#)), website renewal.



## Educating the sector

- ✦ Through Q & A (i.e. disaster relief);
- ✦ New guidance:
  - ✦ Relieving conditions attributable to being aged and charitable registration
  - ✦ Prescribed Universities;
- ✦ Going forward, we plan to update the following guidance:
  - ✦ Comprehensive guidance on the first 3 heads of charity
    - ✦ relief of poverty
    - ✦ advancement of education
    - ✦ advancement of religion
  - ✦ Related business update



## Political Activities

### What we did to clarify the rules on political activities:

- ✦ In-person and online consultations.
  - ✦ We received 19,990 submissions from charities and individuals, and
  - ✦ We met with 167 representatives from the charitable sector.

### What we did with the feedback:

- ✦ Feedback was reviewed by the Consultation Panel on Political Activities of Charities

### What we did in response to the Panel's Report:

- ✦ Suspension of all remaining audits and objections that were part of the Political Activities Audit Program;
- ✦ Currently reviewing the report and preparing a response.

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## Protecting charities from terrorist abuse

- ✦ Focusing on working to combat support for terrorist financing within charities: Participating in the Financial Action Task Force.
- ✦ Working to enhance our public outreach regarding the risk of terrorist abuse in the charitable sector.

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## Monitoring charities

- ✦ New business intelligence and analytics team to better target audits to cases of serious non-compliance;
- ✦ Charity Education Program (CEP)
  - ✦ Designed to provide in-person support and information to charities;
  - ✦ Visits will involve: information sharing, books and records review, and summary of findings and recommendations;
  - ✦ CEP ≠ audit;
  - ✦ CEP will allow us to:
    - ✦ double our compliance coverage of the sector
    - ✦ reduce the burden of a full audit on charities where it is not warranted
    - ✦ engage with a larger number of charities.

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## International Regulators' conference

- ✦ Ensures we have a pulse on how charities and regulators abroad are functioning – allows us to remain current and responsive.



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## Challenges

### Constitutional framework

- ✦ The responsibility for managing the operations of charities falls to provinces and territories;
- ✦ Provinces have limited their involvement in regulating charities;
- ✦ The federal government deals with aspects of the regulatory regime for charities through its powers of taxation;
- ✦ CRA has become the *de facto* regulator.

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## Challenges cont'd

### Continuous environmental changes

- ✦ The charitable sector is evolving and we as a Regulator need to keep pace with the changing environment;
- ✦ Three themes stand out:
  - ✦ Charities have had to evolve and be more innovative in generating income;
  - ✦ Charities have had to be more strategic in how they deliver their programs to meet demands and maximize resources;
  - ✦ There is a need for more clarity to help charities understand and comply with the rules of registration.

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## Challenges cont'd

### Common Law

- Creates precedents to follow;
- Helps clarify grey areas;
- Decline in case law = need for more administrative positions.

### Policy Development

- Broad-reaching impacts on other government departments affect policy development

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## The future

### A few items on our agenda for the year ahead:

- Strategic planning by developing a 3 year business plan;
- Charities modernization project: e-services;

#### What is CHAMP?

- Project that will modernize the services we offer to Canadian charities starting in November 2018.
- Through the My Business Account (MyBA) secure online portal, charities will be able to:

- Apply for registration
- File annual returns (T3010)
- Update account information and upload documents
- Correspond with us electronically

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## Accessed through My Business Account

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## How to Prepare



Sign up now for My Business Account



Visit our Charities and giving page regularly



Subscribe to our electronic mailing list for updates

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## T3010 insert

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## A few items on our agenda for the year ahead (cont'd):

- Innovation lab on late filing: ongoing initiatives;
- Charities Annual Report;
- Social enterprise and revenue generation: working with ESDC and Finance to develop a strategy; and reviewing and updating policy guidance on these topics;

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