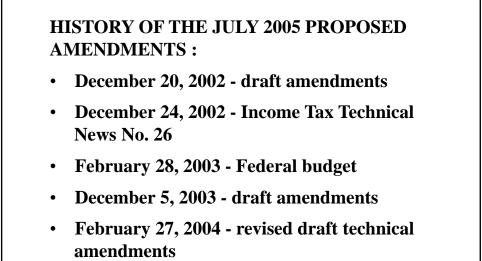






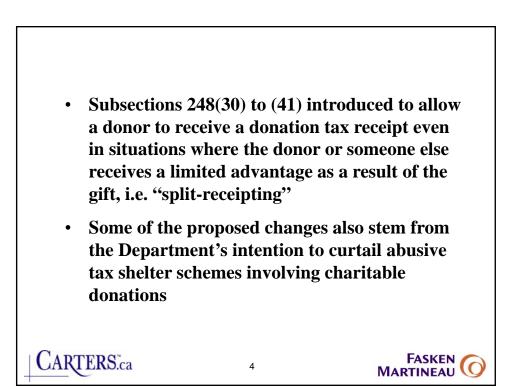
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• July 18, 2005 Special Release – legislative proposals relating

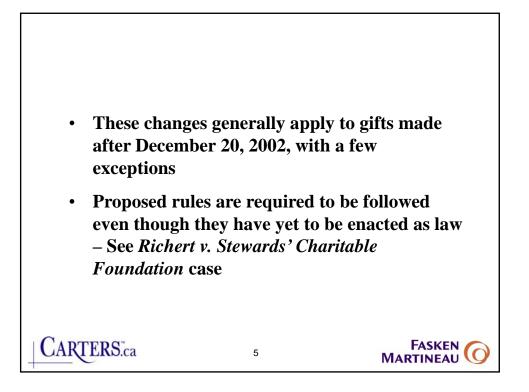
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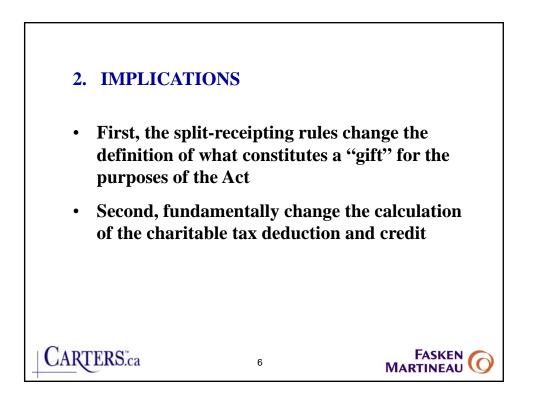
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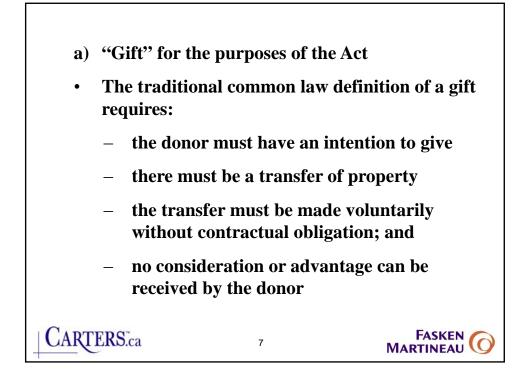


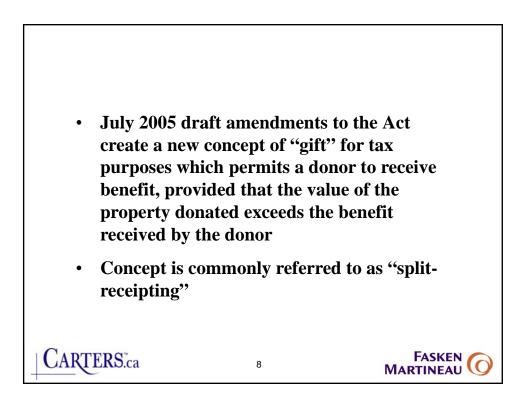






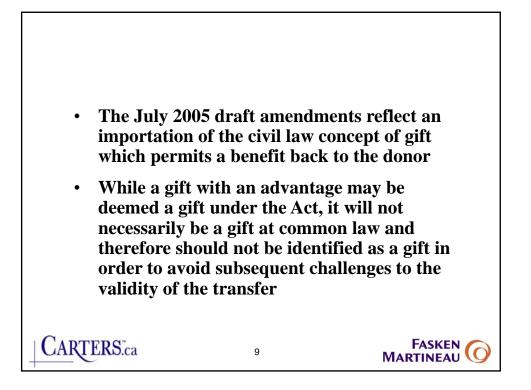


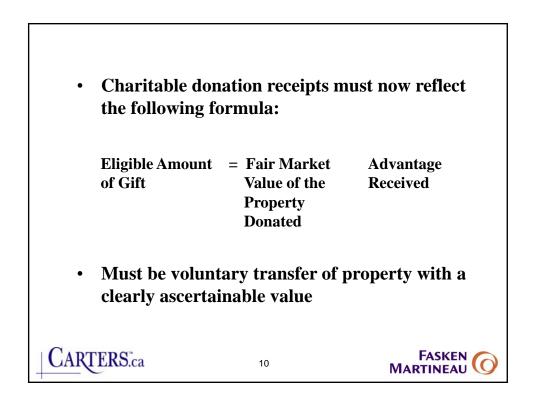






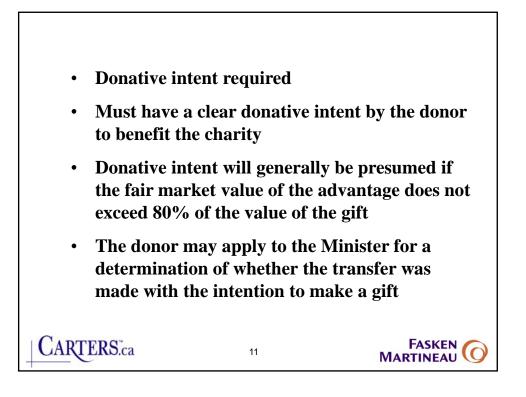


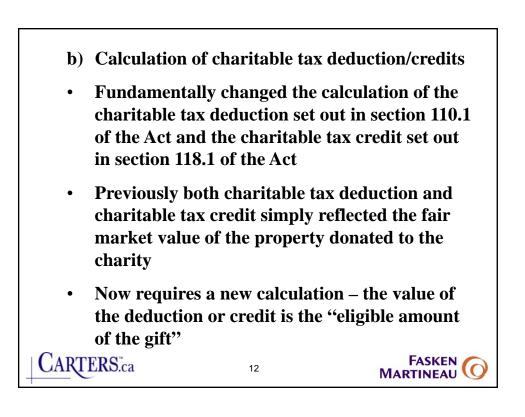
















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a) Definition

- The "amount of the advantage" is defined, the term "advantage" is not
- Canadian jurisprudence has considered what constitutes an "advantage" in other contexts
- Broad meaning of "advantage" from case law, e.g. *R. v. Marsh*

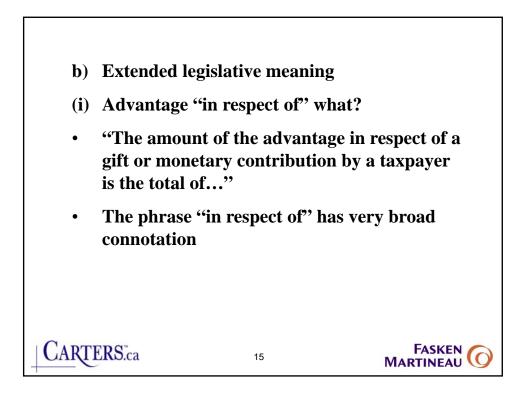
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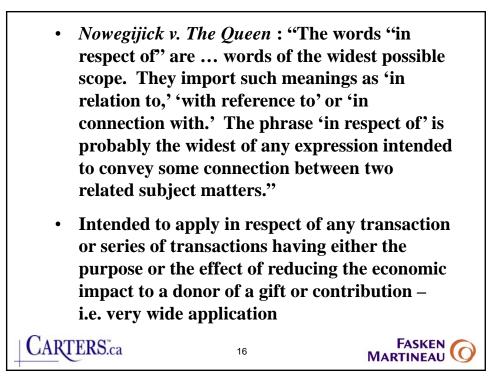
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Broad meaning of "the amount of the advantage" • in proposed subsection 248(32) - the total value of all property, services, compensation, use or other benefits, - to which the donor, or a person not dealing at arms length with the donor, - has received or obtained or is entitled to receive (either immediately or in the future), - as partial consideration of or in gratitude of the gift or that is in any other way related to the gift CARTERS.ca FASKEN 14 MARTINEAU



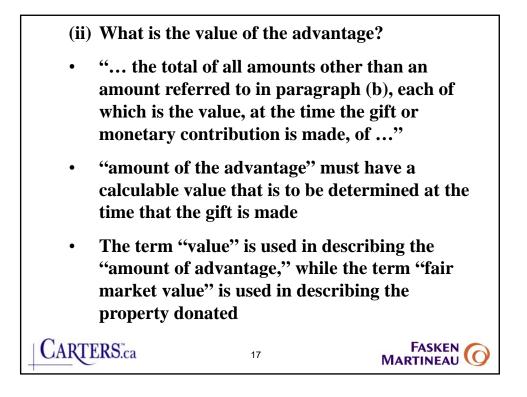


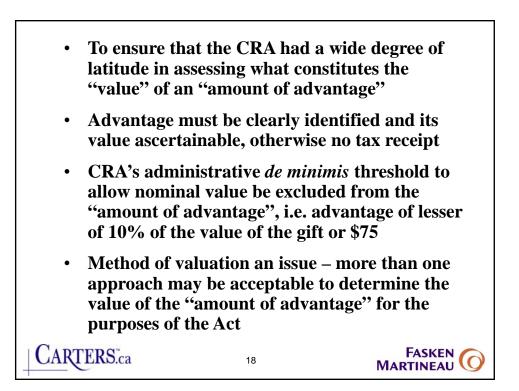






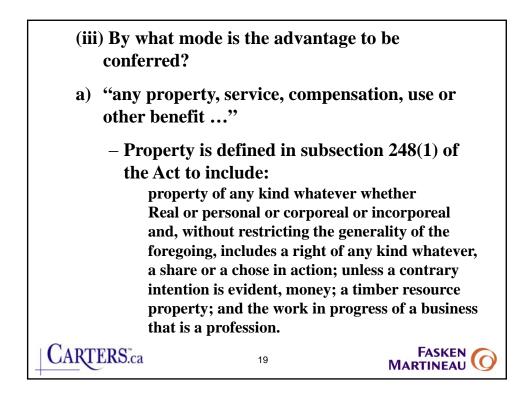


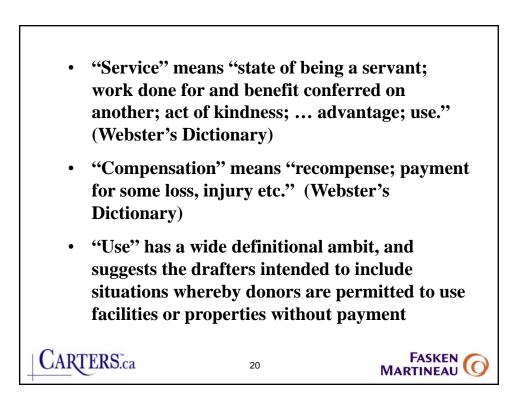






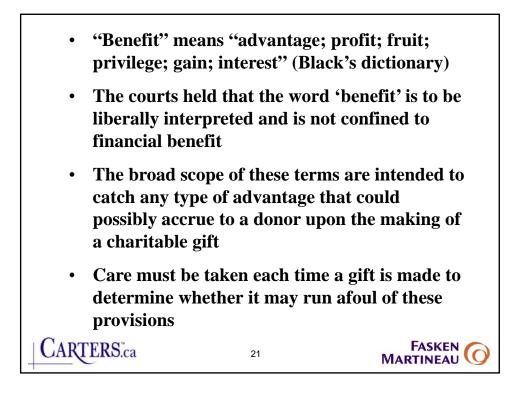


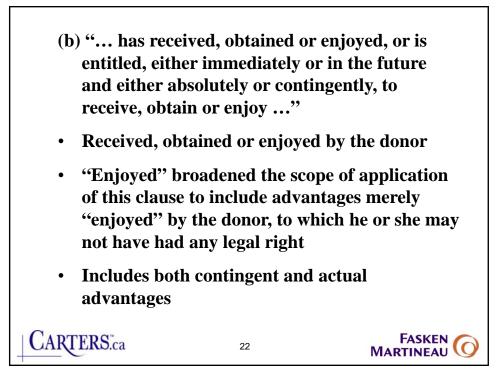






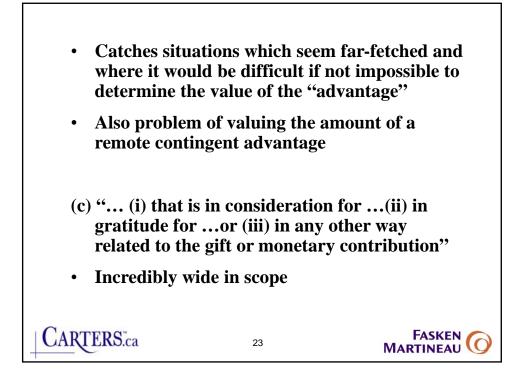


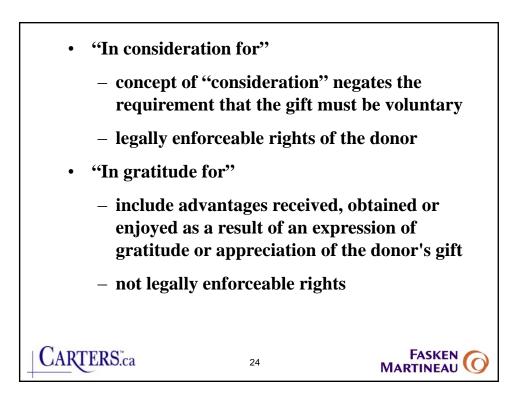






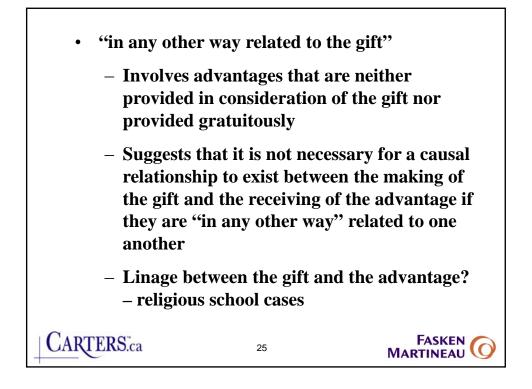


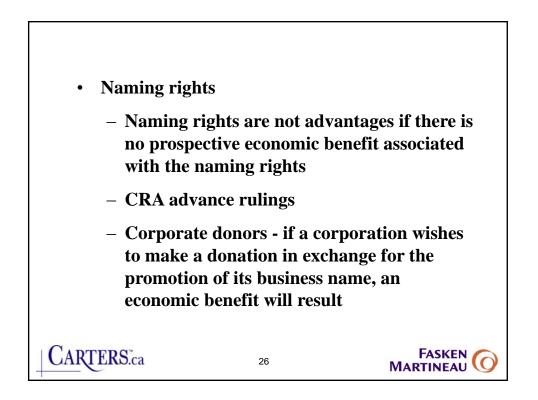






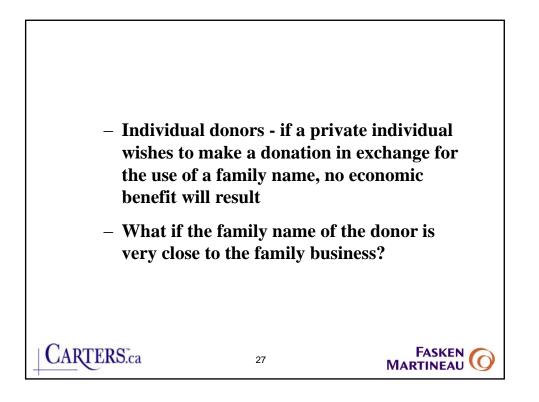


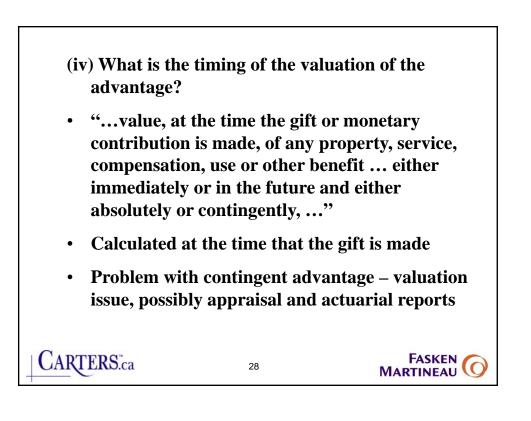






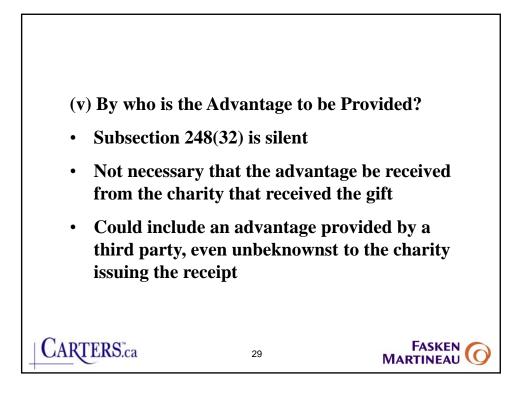


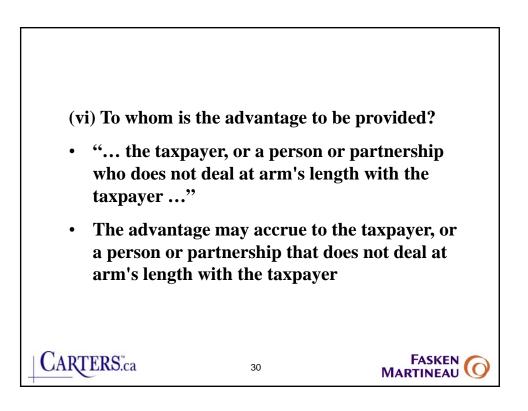






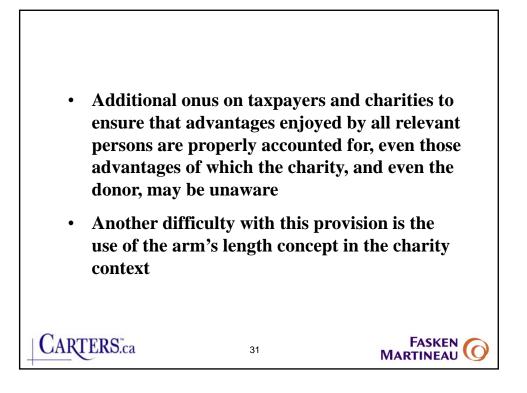


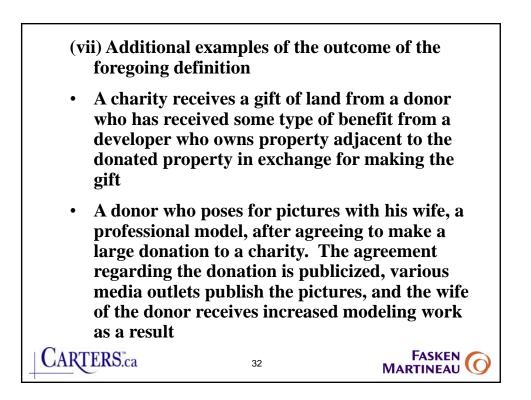








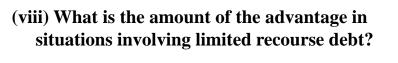








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- The proposed amendments also curtail the use of limited recourse debt, which is a form of tax shelter in which the tax-payer incurs a debt for which recourse is limited and which can reasonably be considered to be related to a charitable gifting arrangement
- Care should be taken, therefore, to ensure that any plan that involves the borrowing of funds to make charitable gifts is onside of the limited recourse provisions of the *Act*

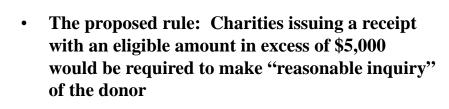
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4. OBLIGATIONS AND CONSEQUENCES • Negative consequences to both the donors and charities if they fail to conform to the requirements of the Act
• Important to consider the obligations and the consequences that may result if such obligations are not met



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• Finance announced on November 22, 2005 that it is intending to repeal the above statutory requirement, but such repeal will have little practical implication, since a charity still has an obligation for due diligence purposes to determine the correct amount for the eligible amount of a receipt

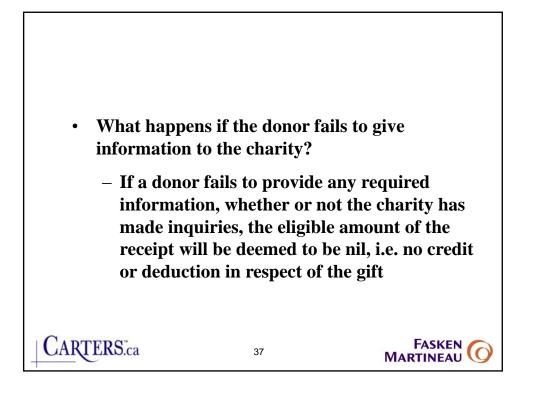
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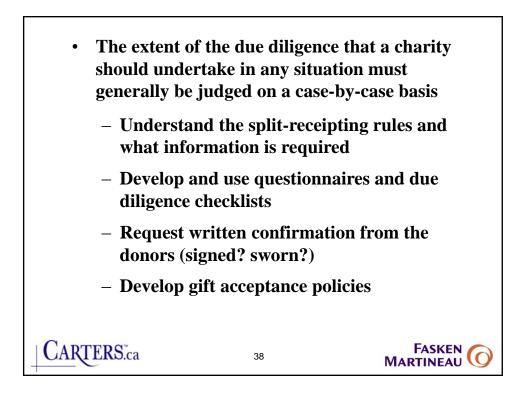
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What happens if the charity fails to ask questions? - If a charity fails to make inquiry, this may result in an incorrect receipt and could trigger the imposition of intermediate sanctions - Disgruntled donors could take legal action - The charitable status of the charity that issued the receipt may also be revoked - It remains unclear whether the intermediate sanction/penalty will be applied to a charity if it has made inquiries but the donor has not provided the required information CARTERS.ca FASKEN 36 MARTINEAU



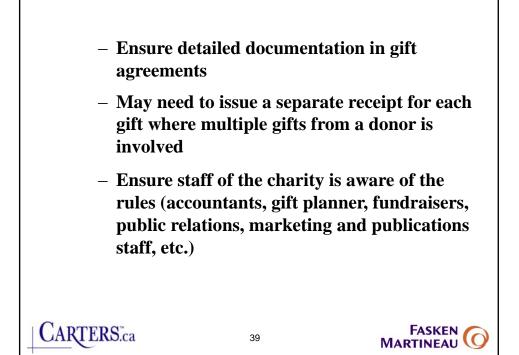


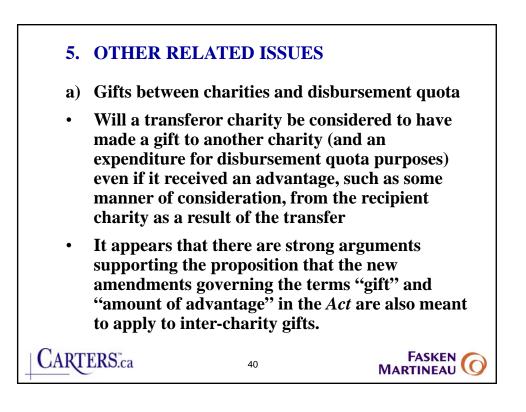






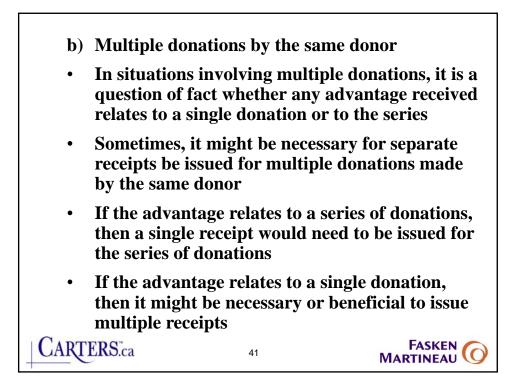


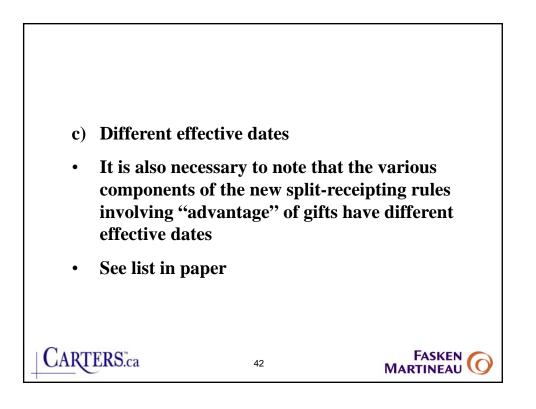






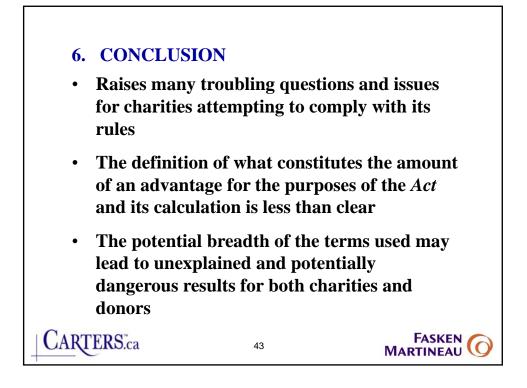


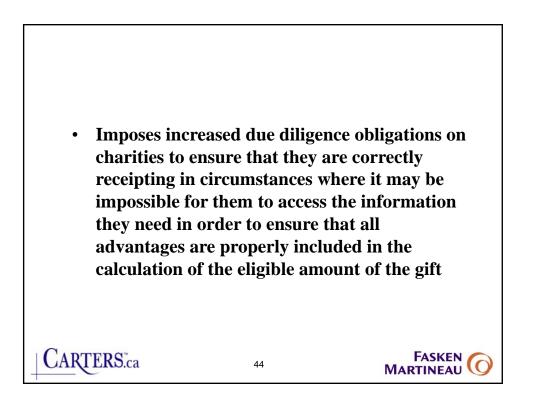
















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