



## Why the Canadian Government Regulates Charities

- Generally, charities fall under provincial jurisdiction
- Federal involvement through provision of generous tax incentives
- \$5.8B in declared tax receipted donations
- \$1.9B in foregone revenue
- 5.5M Canadians who claim deductions for donations made

## The Charities Directorate What we do

- Apply provisions of the *Income Tax Act* pertaining to the registration of charities
- Determine eligibility for registration
- Monitor ongoing compliance with Income Tax rules
- Manage annual charities reporting process (T3010A)
- Conduct a program of sector education to ensure rules are understood
- Provide information to the public (via the Internet)

## Charities Directorate By the Numbers

- Oversees 80,600 charities
- In 2003/2004:
  - 3,500 applications for charitable status
  - 3,000 registrations for charitable status
  - 78,000 annual returns reviewed
  - 140,000 calls received on 1-800 line
  - 9,000 letters of enquiry
  - 7,500 requests for documents
- 4,500 charity representatives attended our information sessions ("roadshows")

### **The Reform of Charities Regulation What is it?**

- Response to joint sector/government report under the Voluntary Sector Initiative
- Contemplates a 5-year plan to implement a broad spectrum of legislation policy and program enhancements
- Initial focus of plan is the promulgation and implementation of legislative amendments announced in spring budget.

### **REGULATORY REFORM A Five Point Plan**

- Service improvements to increase transparency and accountability
- Public awareness and sector outreach
- Enhanced monitoring and sanctions
- A more accessible appeals regime
- Collaboration with provincial and territorial governments

### **Legislative Change Transparency**

- New information to be publicly released include:
  - Reasons for all registration and revocation decisions
  - Release of financial statements filed with annual information returns
  - Identification of charities that have been sanctioned
  - Information about special permissions and exemptions granted to individual charities
  - CRA contact information on all receipts

### **Legislative Change Compliance and Sanctions**

- New broad range of sanctions and penalties
- Provisions for penalties greater than \$1,000 to be redistributed within the charitable sector
- New key penalty of \$500 to address serious problem of non-filing of annual return

### **Legislative Change Impartial Review and Appeals**

- First review to CRA Appeals Branch
- Second review to:
  - Tax Court for all "sanctions" decisions
  - Federal Court for all decision pertaining to registered charity status.

### **Program Changes and Improvements**

- Sector Consultation and Education
- Public Education
- More resources for compliance monitoring
- Federal/Provincial/Territorial Cooperation

### **The Road Ahead**

- Organizational Change
- Working with the Sector
- Implementing Legislative Change
- Developing long term strategies

### **Contact Us**

- Charities Information Line
  - 1-800-267-2384 (English)
  - 1-888-892-5667 (bilingual)
- Charities Information on the Web
  - [www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)
- Charities Electronic Mailing List
  - To connect, follow instructions on CRA's Charities Web site (Electronic Mailing Lists link in left menu)