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Challenging Issues for Religious Charities

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Challenging Issues for Religious Charities

Church and Charity Law Seminar
November 12, 2015

Canada Revenue Agency / Agence du revenu du Canada

Outline of Today's Presentation

- General requirements related to religious charities
- Update on political activities audits
- Update on the charities modernization project



Purposes that Advance Religion

- The CRA makes decisions relating to eligibility for registration as a charity based on the requirements of the *Income Tax Act* and relevant court decisions (common law).
- If an organization wishes to be registered as a charity with purposes that advance religion, its stated purposes should clearly indicate:
 - The particular religion it is advancing
 - The means of advancing that religion
 - The intended beneficiaries

Required Elements of a Religion

- 1 A doctrine that there is a God(s) or Supreme Being(s)
- 2 A doctrine that adherents worship or revere the Supreme Being
- 3 A particular and comprehensive system of faith and worship

Advancement of Religion

- Purposes must involve manifesting, promoting, sustaining, OR increasing belief in the religion
- Activities can be wide ranging
- Activities must be clearly and materially connected to the religion's teachings, doctrines, and observances
- Activities must constitute a targeted attempt to manifest, promote, sustain, or increase belief in the religion

Activities that Further Other Charitable Purposes



- ✓ Must meet all the requirements of the other charitable category
- ✓ Must be clearly and materially connected to the religion's teachings, doctrines, or observances
- ✓ Must be capable of being linked by the public to the religion



Pilgrimages & Religious Travel

Advances religion ✓

- Instructing adherents in preparation for pilgrimage
- Organizing pilgrimages
- Providing religious leaders for ceremonies



Provides an unacceptable private benefit ✗

- Paying for travel costs (unless there is a special reason)

7

Religiously Sanctioned Foods

Advances religion ✓

- Teaching about requirements
- Training on food preparation
- Ensuring processes are followed

Does not directly advance religion ✗

- Producing, distributing, or selling foods to adherents (except in limited circumstances)

8


Religious Retreats and Contemplative Places

Advances religion ✓

- A targeted attempt to advance religion with a structured program, and required participation

Does not advance religion ✗

- Simply creating a space for personal reflection
- Having optional religious programming



9

Funding Head Bodies


- ✗ A charity may **not** simply gift funds to a non-qualified donee, even if it's the charity's head body.
- ✓ A charity may purchase goods and services from the head body or pay for services rendered on its behalf.



10


Head Body or Something Else?

A true head body?



or

Connected/affiliated in another way?



11

Political Activities Rules

- ✓ Must further an organization's charitable purpose
- ✓ Must be non-partisan
- ✓ Must not amount to more than 10% of the charity's resources




12

Political Activities

Activities that try to retain, change, or oppose a law or policy in Canada or any other countries.

Examples:

- Letter writing campaigns;
- Petitions;
- Rallies or protest marches; and
- Publishing material calling for changes to policy or laws.



13

Political Activities Audits

Top 3 Political Activities Findings

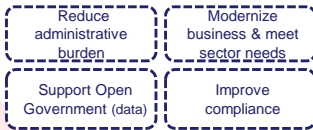
- Tracking activities
- Partisan activities
- More than 10%

Top 3 Other Findings

- Undue benefits
- Lack of direction and control
- Gifting to non-qualified donees

14

IT Modernization



15

Electronic Filing of T3010

New Interview Style approach



16

Thank you!



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17