

**CARTERS**

BARRISTERS  
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TRADEMARK AGENTS

# The 2016 Annual *Church & Charity Law*<sup>™</sup> Seminar

Mississauga – November 10, 2016

## WHAT'S NEW AT THE CHARITIES DIRECTORATE

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of Canada Revenue Agency



**Church and Charity Law Seminar**

November 10, 2016

Canada Revenue Agency / Agence des Revenus du Canada

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**Outline of Today's Presentation**

- ✿ *Relieving Conditions Attributable to being Aged and Charitable Registration*
- ✿ *Advancement of Religion and Charitable Registration*
- ✿ Donation envelopes at places of worship
- ✿ Recent court decision and the relief of poverty
- ✿ Fort McMurray wildfires and Syrian refugee crisis
- ✿ Consultations on political activities
- ✿ Charities IT modernization
- ✿ Filing Requirements
- ✿ Report on Charities Program

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**Relieving Conditions Attributable to being Aged and Charitable Registration**

- ✿ If an organization wishes to be registered as a charity with purposes that relieve conditions attributable to being aged, its stated purposes should:
  - ✿ Include a purpose descriptor,
  - ✿ Provide the scope of the activities,
  - ✿ Describe the eligible beneficiary group, and
  - ✿ State the condition being relieved.

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**Examples of conditions attributable to being aged that are eligible for charitable relief**

- ✿ Frailty
- ✿ Social isolation and loneliness
- ✿ Decline in motor skills, flexibility, strength, or hand-eye coordination
- ✿ Physical or mental health conditions attributable to being aged

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**Activities that Relieve Conditions Attributable to Being Aged**

- ✿ Activities must:
  - ✿ Provide relief of the condition(s) identified in the organization's purpose(s)
  - ✿ Provide relief to the eligible beneficiaries identified in the organization's purpose
  - ✿ Confer only incidental private benefit (the benefit is necessary, reasonable, and proportionate to the resulting public benefit)

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**Other Topics Covered**

- ✿ Social and recreational activities
- ✿ Activities that are conducted according to cultural traditions or particular religious beliefs
- ✿ Activities that further other charitable purposes
- ✿ Public and private benefit

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## Advancement of Religion and Charitable Registration

- ✿ Eligibility for registration as a charity is 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

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## Required Elements of a Religion

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

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## 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

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## Other Topics Covered

- ✿ Pilgrimages and religious travel
- ✿ Religiously sanctioned food
- ✿ Religious retreats and contemplative places
- ✿ Philosophical societies
- ✿ Inter-faith organizations
- ✿ Production and distribution of religious publications

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## Retention Period for Offering Envelopes

- ✿ Effective 2016 (includes envelopes from 2015)
- ✿ Envelopes must now be kept for **six** years
- ✿ For more information on retention periods for all books and records documents visit:

[www.cra.gc.ca/chrts-gvng/chrts/prtng/bks-eng.html](http://www.cra.gc.ca/chrts-gvng/chrts/prtng/bks-eng.html)

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## 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.

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## Disaster Relief

### Syrian Refugee Crisis and Fort McMurray Wildfires



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## Consultations on Political Activities

### Online - until November 25, 2016

- ✦ Asking for feedback on:
  - ✦ Awareness of the rules and issues and challenges with those rules
  - ✦ Usefulness of current policies and educational resources
  - ✦ Suggestions for changes to be made to the rules

### In person sessions

- ✦ Taking place in Halifax, Montréal, Toronto, Winnipeg, Calgary and Vancouver
- ✦ Moderated by an external facilitator

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## Consultations on Political Activities

### Consultation Panel members:

- ✦ Marlene Deboisbriand (Chair of the Panel)
- ✦ Peter Robinson
- ✦ Kevin McCort
- ✦ Susan Manwaring
- ✦ Shari Austin

- ✦ The Panel will make recommendations based on the in-person and online consultations to the Minister that they will include in a report in early 2017.

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## Charities IT Modernization

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

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## Charities IT Modernization

### 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

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## 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

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## 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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## Report on 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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## Thank You!

[www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)

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