

---

# THE OTTAWA REGION CHARITY & NOT-FOR-PROFIT LAW SEMINAR

Ottawa – February 11, 2016

---

## CRA Update: Views from the Regulator

---

By Cathy Hawara, LL.B.

[www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)  
1-800-267-2384

© 2016 Carters Professional Corporation

**CARTERS**

Carters Professional Corporation / Société professionnelle Carters  
Barristers · Solicitors · Trade-mark Agents / Avocats et agents de marques de commerce  
[www.carters.ca](http://www.carters.ca) [www.charitylaw.ca](http://www.charitylaw.ca) [www.antiterrorismlaw.ca](http://www.antiterrorismlaw.ca)

Toronto · Ottawa  
Mississauga · Orangeville  
Toll Free: 1-877-942-0001

---



## CRA Update: Views from the Regulator

Charity & Not-for-Profit Law Seminar  
February 11, 2016




## Outline of Today's Presentation

**Policy Update**

- New guidance: Advancement of religion and charitable registration
- Other guidance

**Compliance Update**

- Court cases
- Political activities

**Service Update**

- The charities modernization project
- Syria crisis

2

## 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

3

## 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




4

## 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

5

## 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

6

### 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)

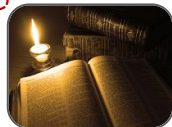
### Religious Retreats and Contemplative Places

**✓ 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



### 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

### Other Guidances *In progress*

**New**

- The advancement of education
- The protection of the environment
- Private benefit
- Relief of the aged

**Revisions**

- Related business
- Community Economic Development

11

### Public Television Association of Quebec Federal Court of Appeal

**Reminder: A registered charity can only use its resources in two ways:**

- on its own activities (those which are directly under the charity's control and supervision, and for which it can account for any funds expended); and
- on gifts to qualified donees.

**Written Agreements**

- The best way to show direction and control, but not required and not enough on their own.

## Humane Society of Canada for the Protection of Animals and the Environment

Federal Court of Appeal

**Appeal Dismissed**

- The fact that the CRA can assess a penalty does not limit its authority to revoke the registration of a charity or RCAA.

13

## *Mariano v The Queen and Moshurchak v The Queen*

Tax Shelter Cases - Tax Court of Canada

**The three required elements of a gift:**

1. there must be a voluntary transfer of property;
2. the property transferred must be owned by the donor; and
3. there must be no benefit or consideration to the donor - the donor must have had 'donative intent'

14

## Political Activities Update

Minister's announcement

- Political activity audit program is winding down
- Future consultations on how to clarify the rules surrounding political activities

15

## Political Activities Update

Results of Initiative

- Total number of political activities audits - 54
- Audits currently underway - 24
- Audits completed - 30
- Of the completed audits:
  - No further action - 1
  - Education letters - 7
  - Compliance agreements - 15
  - Penalty/Suspension - 0
  - Notices of intention to revoke - 5
  - Voluntary revocation - 1
  - Annulment - 1

16

## 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




17

## 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.



18

### IT Modernization

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




19


### Online Filing of T3010

**New Interview Style approach**


Less reporting errors




Better data



Easier to file



Faster processing




20

### Update – Assisting those affected by conflict in Syria


- Individuals and charities wish to support humanitarian assistance efforts arising from the conflict in Syria.
- To help, the Charities Directorate added the following to its homepage:
  - Link to new **Questions and Answers** that address common questions for donors and registered charities
  - Links to information on the Syria Emergency Relief Fund, administered by Global Affairs Canada
  - Links to other helpful information on our website

21


### Thank you!



Client Services – general inquiries  
**1-800-267-2384**



Charities Information on the Web  
**[www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)**



Charities Electronic Mailing List:  
**To connect, go to our Website main page, bottom right, and click on “Email list sign-up”**

22

