
ASSOCIATION OF TREASURERS OF RELIGIOUS INSTITUTES (ATRI)
22ND ANNUAL CONFERENCE

“Called to Trust...Building Together”

Ottawa – September 26, 2009

**Recent CRA Developments Affecting Religious
Charities**

By Terrance S. Carter, B.A., LL.B., Trade-mark Agent

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A. INTRODUCTION

- This presentation provides brief highlights of recent developments at Canada Revenue Agency ("CRA") over the last 12 months that affect religious charities:
 - Recent Amendments, Rulings, and Interpretations Under the *Income Tax Act* ("ITA")
 - Some of the More Significant Tax Court Decisions Involving Charities
 - New CRA Policy on Fundraising
 - Other New Policies, Publications and Guidances from CRA
- For more information see newsletters at <http://www.charitylaw.ca/>

B. RECENT AMENDMENTS, RULINGS, INTERPRETATIONS AND TAX DECISIONS UNDER THE ITA

1. Split Receipting Update: Bill C-10 Proposed Amendments to the *ITA*
 - Bill C-10 amended and consolidated earlier proposed amendments released on December 20, 2002, December 5, 2003, February 27, 2004, July 18, 2005, November 18, 2006, and October 29, 2007
 - On September 7, 2008, Bill C-10 died on Order Paper as a result of the dissolution of Parliament
 - Expected to be finally passed later in 2009

2. 2009 Federal Budget

- On January 27, 2009, the federal government released its annual budget
- Bill C-10 was introduced on January 27, 2009, to implement the proposed changes contained in the 2009 federal budget
- Bill C-10 received Royal Assent on March 12, 2009
- The sector expressed disappointment that, while the Budget provided for various grants and contributions that benefit charities and non-profits, it did not establish any new tax incentives that might stimulate giving

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- However, enhanced tax credits in the form of “stretch credits” are being proposed by Imagine Canada and other sector groups for the upcoming Federal Budget
- Also contained in Bill C-10 were the changes to the excess business holdings rules affecting private foundations that were contained in the 2008 federal budget
- For more details see CLB #135 “Federal Budget 2008 Highlights for Charities at <http://www.carters.ca/pub/bulletin/charity/2008/chylb135.pdf>

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3. Donating the Temporary Use of a Cottage is not a Gift

- In a technical interpretation dated November 12, 2008, CRA confirmed its position that the gratuitous loan of property, including money or a cottage, is not a gift for purposes of sections 110.1 and 118.1 of the ITA since a loan does not constitute a transfer of property
- However, it is possible for a charity to pay rent or interest on a loan of property and later accept the return of all or a portion of the payment as a gift, provided the return of the funds is voluntary

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4. Split-receipting for Cemetery Plots

- CRA issued technical interpretation dated November 24, 2008, which deals with the issuance of charitable donation receipts in a situation where a member-donor is entitled to pay less for a cemetery plot than a non-member
- CRA stated that in applying the proposed split-receipting amendments, the “eligible amount” of the gift will be reduced by the value of the “advantage” provided to the members, which would include the right to purchase a cemetery plot at a discount

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5. Taxpayer Jailed for Providing False Donation Tax Receipts

- In December 2008, Ambrose Danso Dapaah was sentenced to 51 months in jail after pleading guilty of fraud related to providing false donation tax receipts
- CRA’s news release indicated that Dapaah helped his clients claim over \$21 million in false charitable donations, which resulted in approximately \$6 million in non-refundable tax credits
- He accomplished this by providing fictitious or overstated charitable donations receipts from several charities, including one of which he was the president, CanAfrica International Foundation (“CIF”)

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6. Federal Court of Appeal Decides Operating a Hostel is Not Charitable

- In a December 2008 decision, the Federal Court of Appeal upheld the Minister of National Revenue’s (the “Minister”) decision to revoke the charitable status of Hostelling International Canada – Ontario East Region
- The organization had been registered as a charity since 1973 for the purpose of promoting education by providing affordable accommodation to youth in order to encourage them to have a greater knowledge and appreciation of the world

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- The Court held that simply providing an opportunity for people to educate themselves by making available tourist accommodation is not sufficient for the activity to be charitable
- Although the organization argued that the Minister should have annulled its charitable status, instead of revoking it, the Court noted that the power of the Minister to annul the charitable status of an organization is a discretionary one and it was open for the Minister to proceed with a revocation in this case

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7. CRA Reiterates That Benefits Will Be Deducted From the Eligible Gift Amount

- In a technical interpretation dated April 30, 2009 the CRA considered a situation where an orchestra took people on a trip to another country
 - The persons taking part in the trip all paid fixed amounts that were intended to cover the expenses of the trip
 - Purpose of the trip was to perform concerts and to visit the country
 - CRA said that the donors obtained benefits (the trip) in consideration for the monetary contribution (fixed fee)

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- Orchestra had an obligation to deduct the value of the trip from the monetary contribution to determine the eligible amount of the gift
- In this case CRA was discussing the membership dues paid by persons for the general operations of the orchestra
- If the donor receives no advantage then the eligible amount of the gift will be the amount of the contribution
- CRA also stated that if members did not gain any kind of benefit by purchasing their membership then the full amount of the membership fee would be considered a gift

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8. CRA Concerns Regarding Record Keeping

- *Triumphant Church of Christ Intl. v. The Queen* – Federal Court of Appeal, (May 20, 2009) Church had its status revoked. Church appealed
- Church argued that the Minister failed to observe requirements of natural justice and procedural fairness
- Court rejected Church’s argument saying the church had been made aware of the Minister’s concerns regarding record keeping and was giving several opportunities to respond to these concerns
- It was open to the Minister to conclude that the Church had not complied with its legal obligations as a registered charity and that its registration should be revoked

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9. CRA Reneges on Compliance Agreement

- *Christ Apostolic Church of God Mission Intl. v. The Queen* – Federal Court of Appeal, (May 30, 2009):
- Church appealed the decision to revoke its charitable status
- Church’s principle argument was that a “compliance agreement” it signed during an audit could not be unilaterally withdrawn by the Minister
- Court rejected argument
- It was open to the Minister to conclude that the church’s non-compliance could not have been remedied by promise made by the church in the agreement

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C. NEW POLICIES, PUBLICATIONS AND GUIDELINES FROM CRA

1. CRA’s New Guidance on Fundraising

a) Background to Guidance

- On March 31, 2008, CRA released its proposed Policy on Fundraising for public consultation
- On June 26, 2008, CRA released a 30-page Background Information document explaining its proposed Policy on Fundraising
- After public consultation, Guidance (CPS-028): Fundraising by Registered Charities (“Guidance”) was released on June 11, 2009, together with a 23 page Additional Information on the Guidance, which collectively need to be read as one document

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- The Guidance developed in response to a growing demand from the media and the general public for more accountability from charities concerning their fundraising
- CRA has advised that the Guidance does not represent a new policy position of CRA but rather provides information on the current treatment of fundraising under the ITA and the common law
- As such, the Guidance will have impact on current CRA audits, not just future audits
- The Guidance is intended to provide general advice only
- The Guidance applies to all registered charities

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- The Guidance applies to both receipted and non-receipted fundraising
- Charities must still meet their other obligations, and in particular the disbursement quota
- The Guidance is based on principles established by caselaw that fundraising must be a means-to-an-end, rather than an end-in-itself
- Note: For more information, see Charity Law Bulletin #169 “The Revised CRA Guidance on Fundraising: Improved But Still Challenging”, at <http://www.carters.ca/pub/bulletin/charity/2009/chylb169.pdf>

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b) What is Fundraising?

- In general, fundraising is any activity that:
 - Includes a solicitation of support for cash or in-kind donations;
 - Solicitations of support include sales of goods or services to raise funds;
 - Is part of the research and planning for future solicitations of support; or
 - Is related to solicitation of support (e.g. efforts to raise the profile of a charity, donor stewardship, or donor recognition)

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- Fundraising includes activities carried out internally by the charity itself, such as fundraising employees or volunteers, or externally by someone acting on its behalf, such as telemarketing contractors
- Fundraising may include a single action, such as an advertisement, or a series of related actions, such as a capital campaign
- Fundraising for the purpose of the Guidance does not include (e.g. exclude from revenue and expenses):
 - Requests for funding from governments
 - Requests for funding from other registered charities
 - Recruitment of volunteers

- Related businesses
- Fundraising to support terrorism (which is prohibited)
- Donor recognition, as a form of solicitation of support, includes gifts or acknowledgements to thank donors, unless of nominal value (i.e. lesser of \$75.00 or 10% of the value of the donation)
- Donor stewardship, as a form of solicitation of support, occurs when a charity invests resources in relationships with past donors to prompt additional gifts, such as providing past donors with access to privileges not available to others, (e.g. an invitation to a private reception)

- Sale of goods or services is always a solicitation of support except:
 - Where it serves the charities beneficiaries to fulfill a charitable purpose and is sold on a cost recovery basis, or
 - Is a related business (see CRA Policy Statement on Related Business)
- Membership programs will be considered to be a solicitation of support where membership requires a donation to join or where there is extensive use of donations incentive or premiums to recruit members

c) Prohibited Conduct

- **The following conduct related to fundraising activities is prohibited and will be grounds for revocation of a registered charity’s status, imposition of sanctions or other compliance actions, or for denial of charitable registration**
 - 1. Conduct that is illegal or contrary to public policy**
 - 2. Conduct that is a main, or independent purpose of the charity (even if only secondary)**
 - 3. Conduct that results in more than an incidental proportionate private benefit to individuals or corporations**
 - 4. Conduct that is deceptive**

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d) Allocation of Fundraising Expenses

- **In general, charities are to report on their T3010 as fundraising expenditures all costs related to any activity that includes a solicitation of support, or is undertaken as part of the planning and preparation for future solicitations of support, unless it can be demonstrated that the activity would have been undertaken without the solicitation of support**

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- **This does not apply to asking for funding from governments or other charities**
- **However, it does apply to marketing and sale of goods or services not within the charities own charitable purposes, whether or not donation receipts are issued**
- **In order to demonstrate that an activity would have been undertaken without solicitation of support, a charity must demonstrate that it satisfies either Test A (The “Substantially All Test”) or Test B (The “Four Part Test”)**

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- **Test A: The “Substantially All Test”**
 - Where Test A (“Substantially All Test”) is met, all costs of the activity may be allocated as non-fundraising expenditures on the T3010 return, either as charitable, administrative or political
 - The “Substantially All Test” is met where “substantially all” of the activities advance an objective other than fundraising
 - “Substantially all” is considered to be 90% or more

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- Generally, the determination will be the proportion of the fundraising content to the rest of the activity, as well as the resources devoted to it
- “Resources” include the total of a charity’s financial assets, as well as everything the charity can use to further its purposes (e.g. its staff, volunteers, directors, premises, and equipment)
- Amount of resources devoted to an activity is determined by the content, prominence given to the material, and costs associated with carrying out the activity

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- **Test B: The “Four Part Test”**
 - Where Test B (“Four Part Test”) is met, a portion of the costs for the activity may be allocated on the T3010 return as non-fundraising expenditures as either charitable, administrative or political, and a portion as fundraising expenditures
 - The “Four Part Test” is met where the answers to all of the following four questions is “no”

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1. Was the main objective of the activity fundraising?
2. Did the activity include ongoing or repeated requests, emotive requests, gift incentives, donor premiums, or other fundraising merchandise?
3. Was the audience for the activity selected because of their ability to give?
4. Was commission-based remuneration or compensation derived from the number or amount of donations used?

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- The Guidance provides extensive explanation and examples on each part of the "Four Part Test"
- Specifically, question 1 of the "Four Part Test" itself involves two assessment criteria, with the second criteria in turn involving four separate factors to consider
- As well, question 2 of the "Four Part Test" involves three separate assessment criteria
- As such, the "Four Part Test" can be very challenging to work through

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e) Evaluation of Fundraising Activities

- CRA recognizes that the charitable sector is very diverse and fundraising efforts will vary between organizations
- CRA will look at a number of factors to evaluate a charitable fundraising activity
- CRA has identified four types of factors to assist with the assessment
 1. Fundraising Ratio and Approach of CRA
 2. Basic Considerations
 3. Best Practice Indicators
 4. Area of Concern Indicators

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1. Fundraising Ratio and Approach of CRA

- One factor is the ratio of fundraising costs to fundraising revenue calculated on an annual basis
- Fundraising ratio provides a general guidance only and is not determinative on its own
- Fundraising ratio is totally distinct from the 80/20 disbursement quota, although elements of it overlap in the ratio

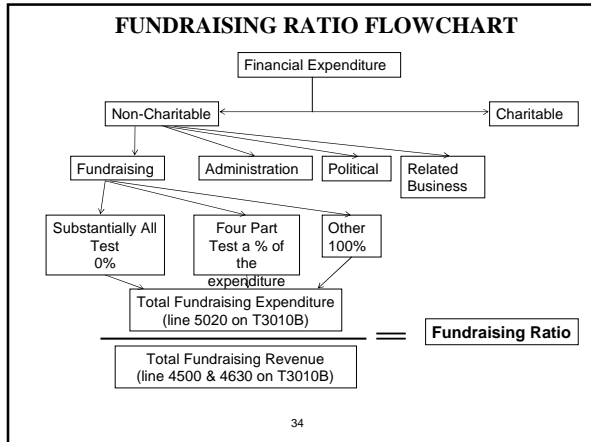
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- Fundraising revenues include amounts reported in the T3010 on line 4500 (receipted donations) and line 4630 (all revenue generated as a direct result of fundraising expenses)
- Fundraising expenditures include amounts reported on line 5020 as fundraising expenses in accordance with the Guidance

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- The fundraising ratio will place a charity in one of three categories
 - Under 35%: Unlikely to generate questions or concerns by CRA
 - 35% and above: CRA will examine the average ratio over recent years to determine if there is a trend of high fundraising costs requiring a more detailed assessment of expenditures
 - Above 70%: This level will raise concerns with CRA. The charity must be able to provide an explanation and rationale for this level of expenditure, otherwise it will not be acceptable

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2. Basic Considerations that CRA will look at in assessing a charities fundraising activities

- The size of the charity which may have an impact on fundraising efficiency
- Causes with limited appeal which could create particular fundraising challenges
- Donor acquisition and planned giving campaigns which could result in situations where the financial returns are only realized in later years

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3. Best Practices Indicators that decrease the risk of CRA finding unacceptable fundraising

- Prudent planning processes
- Appropriate procurement processes
- Good staffing processes
- Ongoing management and supervision of fundraising practice
- Adequate evaluation processes
- Use made of volunteer time and volunteered services or resources

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- Disclosure of fundraising costs, revenues and practice (including cause-related or social marketing arrangements)
- Cause-related ventures are not subject to this policy, provided that more than 90% of the costs are borne by a non-charitable partner and all costs and revenues are adequately disclosed (excluding costs of intellectual property)

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4. Areas of Concern Indicators that could cause CRA to further review a charity's fundraising activities

- Sole-sourced fundraising contracts without proof of fair market value
- Non-arm's length fundraising contracts without proof of fair market value
- Fundraising initiatives or arrangements that are not well-documented
- Fundraising merchandise purchases that are not at arms length, not at fair market value, or not purchased to increase fundraising revenue
- Activities where most of the gross revenues go to contracted non-charitable parties

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- Commission-based fundraiser remuneration or payment of fundraisers based on amount or number of donations
- Total resources devoted to fundraising exceeding total resources devoted to program activities
- Misrepresentations in fundraising solicitations or disclosures about fundraising or financial performance

- Each of the above factors are explained in considerably more detail in the Guidance and must be carefully studied, particularly with regards to expectations by CRA concerning disclosure

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f) Lingering Concerns About Guidance

- Many of the requirements, factors and criteria contained in the Guidance are open to subjective interpretation and accordingly, there may be inconsistencies in the administration of the Guidance and resulting audits of charities
- The fundraising ratio is based on a ratio of fundraising costs and revenue calculated on an annual basis, but does not take into account the fact that the nature of fundraising activities of charities varies widely – perhaps a rolling average approach would have been more appropriate

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- The Guidance is complicated and may be difficult for charities to understand and comply with at a practical level
- The fundraising ratio used is different from the disbursement quota under the ITA – the proposed Guidance should explain how the elements in the ratio relate to the calculation of disbursement quota
- Greater focus is required on disclosure of fundraising costs, revenues and practices which may impact the ability to attract donors
- Not clear whether disclosure is to be done after each fundraising campaign in addition to doing so for the fiscal year

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2. CRA Draft Guidance on Charities Operating Outside Canada

- On June 30, 2009, CRA released its much anticipated draft consultation paper entitled *Consultation on the Proposed Guidance on Activities Outside of Canada for Canadian Registered Charities* (“Proposed Guidance”)
- For summary Overview see Charity Law Bulletin #172 entitled “CRA’s Proposed New Guidance for Charities Operating Outside of Canada”
- For more details see presentation at the 2009 ATRI Conference by Karen Cooper of Carters Professional Corporation entitled “Charities Operating Outside Canada”

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3. New Annual Information Return

- In February 2009, CRA released the new Registered Charity Information Return package, which includes the following Forms:
 - T3010B (09), Registered Charity Information Return
 - T1235 (09), Directors/Trustees and Like Officials Worksheet
 - T1236 (09), Qualified Donees Worksheet/Amounts Provided to Other Organizations
- New T3010B is to be used when filing annual information returns for fiscal periods ending on or after January 1, 2009, only

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- The new T3010B is now comprised of a simple core form with topic-related schedules
- Concerns about new T3010B
 - Confidential disclosure to CRA of non-resident donors of donations over \$10,000
 - Public disclosure of intermediaries outside of Canada
- See CLB #158 “Commentary on the New T3010B Annual Information Return” at <http://www.carters.ca/pub/bulletin/charity/2009/chv1b158.pdf>

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4. CRA Revocations/Annulments Regarding Involving Tax Shelters

- Through its various news releases, CRA has been sending a strong reminder to registered charities that it is reviewing all tax shelter-related donation arrangements and that it plans to audit every participating charity, promoter, and investor
- The following are some organizations that had their registered status revoked due in part to their participation in a donation tax shelter:

– The Banyan Tree Foundation	– Healing and Assistance Not Dependence Canada
– Millennium Charity Foundation	– Living Waters Ministry Trust
– The Phoenix Community Works Foundation	– Funds for Canada Foundation
– Universal Aide Society	– Jesus El Buen Pastor Spanish Pentecostal Church of Toronto
– The Children’s Emergency Foundation	– New Hope Ministries Institute

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5. CRA Releases Policy Commentary on Requests for Disbursement Quota Relief

- On April 6, 2009, the CRA released a Policy Commentary to clarify the procedure for applications for disbursement quota relief
- A charity may apply for relief from its disbursement quota requirements. If granted, the relief would be applicable to the particular tax year only
- The following are the relevant considerations mentioned in the policy commentary applicable to applying for relief from disbursement quota requirements:

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- A charity may apply a disbursement excess from one year to offset shortfalls in its disbursement
- The excess may be applied in the year before the year of the shortfall and in the five years immediately following
- The charity must use all disbursement excesses from previous years before relief will be granted
- The charity must be unable to meet the disbursement quota due to unforeseen circumstances that are beyond the charity's control

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- The charity must demonstrate that it is incapable of making up any part of the disbursement shortfall in the following tax year
- Therefore, all of the charity's information returns must be filed before any requests are considered, and relief will not be granted in advance or anticipation of a shortfall

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6. CRA News Release on Auditing Charities to Enforce Compliance

- On April 14, 2009, CRA issued a news release entitled “Protecting the money given to charity,” which summarizes the activities CRA conducts to ensure that charities are complying with tax laws
- Last year, CRA audited 845 charities, of which the charitable status of 38 charities were revoked for serious infractions of the law, while many others were revoked because of their failure to file the annual information return

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- The news release explains that a charity’s charitable status might be revoked if the audit identifies serious instances of non-compliance, which include:

- Having significant non-charitable activities
- Directing private benefits towards directors and/or related persons
- Issuing tax receipts in excess of actual gifts received or directing them to specific persons
- Failing to spend sufficient amounts on charitable activities;
- Having gaps in or non-existent books and records
- Not exercising control and/or direction over the expenditure of funds

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7. CRA Continues To Enforce Compliance Through Efforts Of “Project Trident”

- 91 Current Investigations
- Over 30,000 Taxpayers to be contacted by CRA
- \$2,204,473 in fines imposed to date
- 301 months in mandatory jail times imposed
- Focus on tax preparer fraud, charities related fraud and identity theft
- Many churches have been victimized

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- On May 28, 2009, a tax preparer given jail sentence and fined \$145,760 after pleading guilty to two counts of tax evasion and one count fraud over \$5000
- Provided his clients with false charitable donation receipts totalling \$11,699,104 from a number of churches and similar charitable organizations
- For more information on Project Trident convictions, see: www.cra.gc.ca/projecttrident

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8. Checklist on Avoiding Terrorist Abuse

- On April 16, 2009, CRA released the Checklist on Avoiding Terrorist Abuse intended to help registered charities focus on areas that might expose them to the risk of being abused by terrorists or other criminals
- The House of Commons Subcommittee on the Review of the *Anti-Terrorism Act* recommended that CRA consult with the charitable sector to develop “made in Canada” best practice guidelines that incorporate general policies and checklists that could be administered by applicants and registered charities in carrying out their due diligence assessments

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- The checklist is comprised of a number of questions to ask and provide a number of links to websites and international guidelines for more information
- Concerns about the usefulness of the checklist:
 - Not sufficient context for charities
 - Potential undue sense of simplicity
 - Continued delegation to foreign governments and quasi-governmental bodies
 - Excessive nature of recommendations
- See ATCLA #17 “CRA’s New Anti-Terrorism Checklist – A Step in the Right Direction” at <http://www.carters.ca/pub/alert/ATCLA/ATCLA17.pdf>

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9. CRA Releases Q&A on the Treatment of Enduring Property and Disbursement Quota

- On April 20, 2009, the CRA released a Q&A to answer questions regarding a charity’s ability to encroach on the capital of its endowment fund in order to meet its disbursement quota
- The Q&A provides clarification on a number of issues in this regard
 - Such as the circumstances under which a charity may encroach on its enduring property

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- How ten-year gifts are required to be tracked
- The impact on the charity’s disbursement quota if it encroaches on its enduring property
- The questions and answers are of a highly technical nature
- For more information, see Charity Law Bulletin #171 entitled “Enduring Property and the Disbursement Quota”

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10. CRA Releases Guidelines for Sports and Charitable Registration

- On April 30, 2009, CRA released the final form of guidelines on sports to clarify the ways in which organizations carrying out activities that include sport can potentially qualify for charitable registration
- Although the promotion of sport is not recognized as charitable, there are circumstances in which sports activities can be used to further a charitable purpose

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- For an organization to be registered, the sport activities an organization pursues should:
 - Relate to and support its wholly charitable purpose(s) and be a reasonable way to achieve them, such as:
 - Promotion of health
 - Advancement of education
 - Advancement of religion
 - Relieving conditions associated with disabilities
 - Be incidental in nature
- Whether or not a sports activity will be acceptable will depend on the facts of each case and the charitable purpose to be achieved
- See CLB #143 “Sports and Charitable Registration” at <http://www.carters.ca/pub/bulletin/charity/2008/chv1b143.pdf>

11. CRA Proposed Guidance on the Protection of Human Rights and Charitable Registration

- On May 8, 2009, CRA released a draft guidance, for consultation, regarding human rights charities
- CRA was accepting comments regarding the draft guidance until July 31, 2009
- The guidance will be used to determine if an organization established to protect human rights can be registered as a charity

- According to the guidance, “protecting human rights” refers to activities that seek to encourage, support, and uphold human rights that have been secured by law, internationally or domestically, such as the Canadian *Charter of Rights and Freedoms*, or U.N. Conventions
- It does not include advocating for the establishment of new legal rights
- The guidance indicates that CRA recognizes that the protection of human rights can further all four heads of charity

- Human rights charities often work outside existing legal and political structures and must ensure that their purposes are not political in nature, which is not charitable
- For example, an acceptable purpose would be to investigate and report violations of specified human rights instruments
- On the other hand, an unacceptable purpose would be to focus on one particular country, and pressure its legislature or government to sign an international human rights convention

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12. Pending CRA Guidance on Advancement of Religion as a Charitable Purpose

- Expected to be released in the near future
- An earlier version of the Guidance is available in a paper presented by Terry deMarch, Director General of the Charities Directorate, at a conference in Brisbane, Australia in April 2009, available at <https://wiki.qut.edu.au/download/attachments/89014022/Consultation+on+Proposed+Guidance+on+Advancement+of+Religion+as+a+Charitable+Purpose.pdf?version=1>
- For more details, see presentation by Jennifer Leddy of Carters Professional Corporate at 2009 ATRI Conference entitled “The Meaning of the Advancement of Religion as a Charitable Purpose”

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13. Expenses Incurred by Volunteers

- Policy Commentary CPC-012, revised on April 25, 2009, deals with expenses incurred by volunteers while doing work for a charity
- Allows a charity to reimburse a volunteer for expenses incurred by issuing an official donation receipt in the amount of the expense
- The volunteer must be willing to accept this as return for the expense
- CRA still encourages an exchange of cheques

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14. Clergy Residency Reduction Clarification

- **Confusion regarding Canada Revenue Agency's ("CRA") position on the filing of form T1213 for those eligible to receive the Clergy Residence Deduction ("CRD")**
- **Previously, where an employee was eligible for the deduction, so long as they informed their employer there was no requirement to file form T1213 Request to Reduce Income at Source**
- **CRA position is that if an employee lives in their own house or rents a property and claims the deduction, they are required to file a T1213**
- **If approved by the CRA, the employer then reduces the employee's taxable income by the amount of the deduction and withholds the income tax at source on the difference**

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- **There is no requirement to file form T1213 if the employee lives in employer provided accommodations, such as a manse or parsonage, and claims the deduction**
- **When determining the amount of income subject to withholding tax, the employer should include the taxable benefit relating to employer provided accommodations in the employee's income. The employee's taxable income should then be reduced by the clergy residence deduction which the employee will be claiming**
- **See CRA Registered Charities Newsletter No. 23 <http://www.craarc.gc.ca/E/pub/tg/charitiesnews-23/charitiesnews-23-e.html> (updated July 10, 2009)**

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