
**SAINT-PAUL UNIVERSITY, FACULTY OF CANON LAW
LEGAL EDUCATION FOR LEADERSHIP OF
RELIGIOUS INSTITUTES**

August 24, 2010

**Highlights of CRA Compliance Requirements
for Religious Institutes**

By Karen J. Cooper, LL.B., LL.L., TEP

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OVERVIEW

Part I: Basic Benefits and Requirements of
Charitable Status for Religious Institutes

Part II: Reporting Requirements and the Annual
Information Return

Part III: Fundraising Considerations

Part IV: Political Activity

Part V: Transfer of Assets Outside Canada

PART I: BASIC BENEFITS AND
REQUIREMENTS OF CHARITABLE STATUS
FOR RELIGIOUS INSTITUTES

Preliminary Comments

- Being granted charitable status by the Canada Revenue Agency (CRA) can be beneficial to religious institutes in several ways as outlined below
- Accompanying these benefits are requirements that a religious institute must comply with in order to maintain charitable status

Basic Benefits of Charitable Status

1. Under the *Income Tax Act (ITA)*, once a religious institute is granted charitable status by the CRA it becomes exempt from paying income tax
2. A religious institute with charitable status is also able to issue official donation receipts for gifts that it receives from donors
3. The possibility of receiving a rebate on 50% of the GST/HST paid on eligible purchases and expenses is provided to religious institutes with charitable status, as well as certain qualifying non-profit organizations

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Basic Requirements of Charitable Status

There are several basic requirements that religious institutes with charitable status must ensure they comply with

1. Maintaining the basic requirements of charitable status
2. Devoting resources to charitable activities
3. Avoiding private foundation designation
4. Ensuring that a public benefit is achieved
5. Restricting political activities
6. Filing information returns with CRA
7. Meeting the disbursement quota requirement
8. Keeping adequate records and books

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1. Religious institutes with charitable status must maintain the basic requirements of being granted charitable status:

- a) The institute's purposes must fall within one or more of the following four charitable purpose categories:
 - The relief of poverty
 - The advancement of education
 - The advancement of religion
 - Other purposes that are beneficial to the public as determined by the courts

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b) **No amount of the religious institute’s income can be available to its members for their personal, as opposed to charitable purposes**

- An exception exists for reasonable salaries or the reimbursement of out-of-pocket expenses

c) **The religious institute must be resident in Canada, which means that it must be either a Canadian established:**

- Corporation
- Trust, or
- Unincorporated Association

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2. **To maintain charitable status, the resources of a religious institute must be devoted to charitable activities**

- **Charitable activities are those activities that further the charitable purpose of a religious institute**
- **As such, an activity is not in itself inherently charitable or not**
- **An activity is determined to be charitable or not by the purpose that is being pursued by the activity undertaken**

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- **For instance, selling religious literature by a religious institute would be charitable but selling religious literature by a for-profit book store would be non-charitable**
- **Under the ITA certain activities are deemed to be charitable activities:**
 - **Carrying on a ‘related business’ that is either done in furtherance of and subordinate to a charity’s primary charitable objects or is an enterprise which is substantially undertaken by unpaid volunteers (i.e. 90% or more)**
 - **Transferring charitable resources to ‘qualified donees’, which consists primarily of registered Canadian charities, subject to certain limitations**

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3. Religious institutes with charitable status as either a charitable organization or a public foundation must meet the following criteria in order not to be redesignated as a private foundation

- More than 50% of its board of directors must be at “arms length” with each other
- Where a donor (other than a charitable organization or public foundation) has contributed more than 50% of the capital of the religious institute, then the donor cannot directly or indirectly exercise control over the charity and must be in an arms length relationship with 50% or more of the directors or trustees

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4. A religious institute with charitable status must have activities and purposes that benefit the public

- A public benefit is presumed where the religious institute’s purpose is advancing religion
- This presumption of a public benefit can be challenged when the contrary is shown, or if the charitable nature of the religious institute is called into question
- Difficulty comes in determining exactly what criteria would be used to identify these circumstances

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5. Religious institutes with charitable status cannot have political purposes, and as well cannot pursue political activities with certain exceptions

- Further discussion on this topic will follow

6. Generally, a religious institute with charitable status must file an annual information return with CRA within 6 months of its year end

- The annual information return includes the T3010 form, a basic information sheet, and financial statements of the institute

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- The public portion of the T3010 return and all of the financial statements will be made available to the public on the CRA website
- However, there exists an exemption where some religious institutes with charitable status may be exempt from the public portion of this requirement
- An exemption from filing public portions of the T3010 is available to a religious institute with charitable status that:
 - Was in existence on December 31, 1977
 - Has not received a tax receipted gift since December 31, 1977

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- Has not directly or indirectly received a gift from another religious institute (associated or not) that has issued donation receipts since December 31, 1977
- New religious institutes with charitable status that are logical outgrowths of formerly exempted organizations may also be granted this exemption if they do not and have not issued official donation receipts or received gifts from organizations that issue official donation receipts

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7. A religious institute with charitable status will also be subject to a mandatory 3.5% DQ quota on capital assets not used in charitable activities or administration, such as investments

- Note that the 80% DQ on receipted gifts is proposed to be repealed as part Budget 2010 effective for fiscal periods ending on or after March 4, 2010.

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– Under these rules, religious institutes with charitable status, holding more than \$25,000 in investment assets, will be required to expend at least 3.5% of their assets not used in charitable activities each year

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8. Religious institutes with charitable status must also keep, for a period of six years, adequate books and records of the following

- T3010s as filed with attachments
- Financial statements
- Books and records (general ledger, cash receipt/disbursement journals, working papers)
- Bank account details
- Donation receipts for cash or gifts-in-kind
- Expense source documentation
- Details of activities
- Governing documents and details
- Agency/Consulting agreements

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PART II: REPORTING REQUIREMENTS AND THE ANNUAL INFORMATION RETURN

1. General Comments

- The annual information return required to be filed under the ITA must be filed no later than 6 months after the end of the religious institute’s fiscal period
- e.g. If the religious institute’s year end fiscal period is March 31st, the annual information return is due by September 30th

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- The annual information return includes the following documents:
 - *Registered Charity Information Return (Form T3010B)*
 - *Registered Charity Basic Information sheet (Form TF725)*
 - *Directors/Trustees Worksheet (Form T1235)*
 - *Qualified Donees Worksheet (Form T1236)*
 - A copy of the religious institute's own financial statements

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- See the CRA guide on *Completing the Registered Charity Information Return (Form T4033)* for more details
- The ITA provides for both an "information return" and a "public information return"
- For simplicity, the two distinct concepts of the information return and the public information return have been combined into a single return, the T3010. As such, the T3010 return has a dual purpose, namely, to provide information to the public and to ensure compliance
- Filing an annual information return will not necessarily result in CRA reviewing its contents until an audit is undertaken

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2. Information Available to the Public

- Most of the annual information return, and all of the financial statements filed with it are made available to the public
 - Public portions of the return are available at www.cra.gc.ca/charities
- This is subject to the previously explained exception for religious institutes in existence on December 31, 1977 and meeting certain criteria

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3. Failure to File Information Return

- A religious institute that does not file its return can lose its charitable status and will no longer be able to issue tax receipts for donations
- The religious institute would also be liable to pay a revocation tax equal to the full value of any remaining assets after disbursement on either charitable activities or transfer to “eligible donees”

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- If a religious institute’s charitable registration is revoked, CRA policy #CSP-R19 states that it can apply for re-registration by submitting a completed *Application to Register a Charity Under the Income Tax Act* (Form T2050)
- The charity must also pay a \$500 penalty and file all missing information returns

4. Completing Form TF725 – Registered Charity Basic Information

- a) General Comments
 - The *Registered Charity Basic Information* sheet (Form TF725) is used to verify and/or update the accuracy of the information held in the CRA records about the religious institute

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- The person who signs Form T3010A is also certifying that the information on Form TF725 is correct, complete and up to date
- Information which cannot be revised directly on the basic information sheet includes:
 - The name of the religious institute
 - The religious institute’s designation, registration date, and BN/registration number
 - The fiscal period end date of the religious institute
- In the above cases, an authorized representative of the religious institute can only change the information by sending a letter, signed by an authorized representative of the institute, to the CRA with supporting documentation separate from the information return

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- Information which can be revised directly on the basic information sheet includes:
 - The address of the religious institute
 - The religious institute’s contact information (e.g. telephone number, fax number, email and website address)
 - The names that the religious institute is known by other than its registered name
 - The religious institute’s primary program areas

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- 5. Completing Form T3010 – Registered Charity Information Return**
- a) Changes to its Governing Documents
 - If there has been any changes to the religious institute’s governing documents, an official copy of the amended governing documents must be sent to the CRA
 - If charitable objects have changed, approval from CRA must be obtained
 - b) Directors/Trustees and Like Officials
 - The religious institute must attach a list providing the following information of each director/trustee and like official:
 - Last name, first name, and initial
 - Full home address
 - Position in the charity

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- Whether or not they were a director/trustee at the end of the fiscal period
- Telephone number
- If they are at arm’s length from all other members of the governing board
- Date of birth
- c) How the Religious Institute Carried Out its Charitable Purposes During the Fiscal Period
 - The religious institute must describe any ongoing programs and new programs that are carried on
 - The term “program” refers to all the charitable work the religious institute performs on its own, as well as gifts made to qualified donees
 - The charitable program must fall within the CRA approved charitable objects of the institute

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d) Did the Institute Carry on Programs, Directly or Indirectly, Outside Canada?

- Religious institutes are entitled to carry out their own charitable programs outside Canada provided that it is done in accordance with one of the following
 - Using employees or volunteers situated in other countries
 - Retaining an agent or contractor under an agency agreement, contract, joint-venture, or similar arrangement provided that the religious institute exercises control and direction over the programs
 - Making gifts to other qualified donees

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e) Issues Involving Charity Revenue and Expenditures

- Eligible amount of tax-receipted gifts
- Amounts received from other registered charities
- Recording specified gifts
- Enduring property (receipt and expenditure)
- Tracking other gifts and revenue
- Expenditures on charitable programs
- Calculating the Capital Gains Pool and Capital Gains Reduction on *Capital Gains and Disbursement Quota Worksheet (Form T1259)*

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f) Certification

- The information return must be signed by an authorized director/trustee or like official of the religious institute
- The person who signs the return is responsible for obtaining the best knowledge possible about the information reported on the return
- Certification applies to all components of the religious institute's information return listed earlier
- Board or Council approval is recommended in order to authorize the individual to sign the certification and to verify the information

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PART III: FUNDRAISING CONSIDERATIONS

- From the media’s perspective this is a number one compliance issue
- While the CRA accepts that charities can have fundraising costs, its expectation is that these expenses be reasonable and proportionate to the charitable activity being conducted

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- A charity which spends excessive amounts on fundraising to the detriment of its charitable programs is not considered to be devoting all of its resources to charitable activities
- Additionally, spending excessive amounts on fundraising results in disbursement quota shortfalls and often deliberate, incorrect categorization of expenses (i.e., including fundraising expenses as a charitable program expenditure)

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- CPS-028, *Fundraising by Registered Charities* available at <http://www.cra-arc.gc.ca/>
 - The Guidance focuses on the calculation of fundraising ratio, i.e., the ratio of fundraising costs compared to fundraising revenue on an annual basis
 - The ratio will place a charity in 1 of 3 categories

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- **Under 35%: Unlikely to generate questions or concerns by CRA**
- **35% to 70%: 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 will raise concerns with CRA and 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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- **Seven best practice indicators that will decrease the risk of CRA finding unacceptable fundraising**
 1. **Prudent planning processes**
 2. **Appropriate procurement processes**
 3. **Good staffing processes**
 4. **Ongoing management and supervision of fundraising practice**
 5. **Adequate evaluation processes**

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6. **Use made of volunteer time and volunteered services or resources**
 7. **Disclosure of fundraising costs, revenues and practice**
- **See also Office of the Public Guardian and Trustee, *Charitable Fundraising: Tips for Directors and Trustees***
<http://www.attorneygeneral.jus.gov.on.ca/english/family/pgt/charbullet/bulletin-8.asp>

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PART IV: POLITICAL ACTIVITY

Political Purpose

- All religious institutes with charitable status are required by law to have exclusively charitable purposes (as determined at common law)
- An organization established for a political purpose cannot be a charity

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- The courts have determined political purposes to be those that seek to:
 - Further the interest of a political party or support a political party or candidate for public office, or
 - Retain, oppose, or change the law, policy or decision of any level of government in Canada or a foreign country
- CRA will look at the stated purpose of a religious institute, as well as its activities to determine whether it has adopted political purposes

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Three Categories of Activities

- For the purposes of this presentation, activities undertaken by a religious institute can be separated into three categories:
 1. Charitable Activities (permitted without limits)
 2. Political Activities (permitted up to prescribed limits)
 3. Prohibited Activities (never permitted)

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1. Charitable Activities (Permitted Without Limits)

- **If an activity is considered by CRA to be charitable, i.e. it is a means to achieving a charitable purpose, then it is permitted without limits**
- **However, neither the ITA nor CRA policies define what a “charitable activity” is**

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- **CRA Policy Statement does comment upon when a communication will be a charitable activity**

- **Public awareness campaign about the work of a charity or an issue related to that work, so long as the activity is connected and subordinate to the charity’s purpose**
- **Communicating with an elected representative or public official, provided that such activity is subordinate to the charity’s purpose and all representations:**

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- **Relate to an issue that is connected to the charity’s purpose**
- **Is well reasoned, and**
- **Does not contain information that is false, inaccurate or misleading**
- **Releasing the text to a representative before or after delivering it to the elected representative or public official, provided that the entire text is released and there is no explicit call to political action**

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- Other examples of charitable activities given in the CRA Policy Statement
 - Distributing the charity's research, including distributing it to all election candidates
 - Publishing a research report on line
 - Presenting a research report to a Parliamentary Committee
 - Giving an interview about a research report
 - Distributing a research report to all Members of Parliament
 - Participating in an international policy development working group
 - Joining a government advisory panel to discuss policy changes

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- Examples of religious institute related activities that would likely be considered to be charitable activities:
 - Sermon on the importance of New Testament teaching to pray for political leaders and emphasizing the unchanging, timeless nature of the Bible's truths on a particular topic but without calling for political action
 - A priest speaking out on abortion or same sex marriage from a Biblical context but without commenting on how a political party is or should be dealing with the issue

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- However, religious institutes should also be aware of the circumstances under which statements might constitute hate propaganda under the *Criminal Code*, especially in relation to issues involving same sex marriage (see Church Law Bulletin #2 at www.churchlaw.ca)
- Where possible, a religious institute or charity should try to ensure that an activity is a charitable activity
- As a fall back, a religious institute can expend a limited amount of its resources on political activities as described below

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2. Political Activities (Permitted Up To Prescribed Limits)

What is a Political Activity?

- An activity is presumed to be a political activity if a charity:
 - Explicitly communicates a call to political action
 - Explicitly communicates to the public that the law, policy or decision of any level of government in Canada or a foreign country should be retained, opposed or changed

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- Explicitly indicates in its material that the intention of the activity is to incite, organize or put pressure on governments to retain, oppose or change the law, policy or decision of a government
- A charity may take part in political activities if such activities are:
 - Non-partisan
 - Connected to the charity's purposes
 - Subordinate to the charity's purposes
 - Fall within expenditure limits under the ITA

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- An example of a permitted political activity would be a sermon on the interpretation of the Bible's truths on any given topic and a call for parish members to contact their respective MPs to pressure them to support or oppose a particular existing or proposed law

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Limits on Expenditures on Permitted Political Activities

- Where a religious institute takes part in political activities, it must devote “substantially all” of its “resources” to charitable activities
- “Resources” is not defined in the ITA but administratively CRA considers “resources” to include the total of a religious institute’s financial assets, as well as everything the religious institute can use to further its purposes, such as its staff, volunteers, directors and its premises and equipment
- “Substantially all” usually means 90% or more
- Therefore, as a general rule, a religious institute that devotes no more than 10% of its total “resources” a year to political activities would be operating within the “substantially all” provision

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- CRA’s administrative discretion concerning the limits on expenditures on political activities has been extended in certain situations by its Policy Statement:

- A religious institute with annual income of less than \$50,000 can devote up to 20% of resources in a given year
- A religious institute with annual income of between \$50,000 and \$100,000 can devote up to 15% of resources in a given year
- A religious institute with annual income of between \$100,000 and \$200,000 can devote up to 12% of resources in a given year

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- In limited circumstances, expenditures on political activities can be averaged over a number of years
- Resources used towards permitted political activities do not count toward meeting a religious institute’s disbursement quota
- A religious institute that is involved in political activities will need to keep careful records in order to demonstrate that substantially all of its resources have been devoted to charitable activities in order to be prepared for an audit

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3. Prohibited Activities

- Prohibited activities are activities that are either illegal or involve partisan political activities and therefore are not permitted at all
- The CRA Advisory (June 11, 2004) entitled Political Activities Guidance and Partisan Politics provides as follows:
 - Recognition that charities are confused about what constitutes “partisan political activities” so the Advisory was intended to clarify matters

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- Advisory explains that this issue is determined by subsections 149.1(6.1) and (6.2) of ITA, which states that
 - Partisan political activity involves the “direct or indirect support of, or opposition to, any political party or candidate for public office” and is clearly prohibited.
- A “candidate for public office” is different from an “elected representative”, but support or opposition of an “elected representative” may still be seen as “direct or indirect support of or opposition to, any political party”

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- An example of a prohibited partisan political activity would be a gift of religious institute monies to fund a political party that supports the church’s views on a given matter - not permitted because it is both a prohibited activity and is not a gift to a “qualified donee”
- Another example of a prohibited partisan political activity would be inviting a Christian MP who is running for re-election to speak at a religious institute without giving an equal opportunity to all other candidates seeking election for the same office position

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Implications for Religious Institutes

- Religious institutes and other charities need to
 - Ensure that activities are either inherently “charitable” or are “permitted political activities”
 - Ensure that any political activities undertaken fall within expenditure limits
 - Remember that any resources expended on permitted political activities cannot be included in amount used to meet a religious institute’s disbursement quota

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- Keep careful records of all expenditures with respect to permitted political activities
- Abstain from prohibited activities
- If in doubt over whether an activity is permissible, make formal request for direction from CRA before engaging in the activity
- When filling out charitable income tax return (T3010), churches should pay careful attention to the guidelines provided by CRA which accompany the return

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PART V: TRANSFER OF ASSETS OUTSIDE CANADA

- July 8, 2010, CRA released a Guidance titled *Canadian Registered Charities Carrying on Activities Outside of Canada* (“Guidance”)
- Intended to update and replace the current CRA publication on foreign activities entitled *Registered Charities: Operating Outside Canada RC4106* (“Current Policy”) and Registered Charities Newsletter No. 20

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A. HOW CAN A CHARITY OPERATE?

- Two means available under the Act by which a registered charity can pursue its charitable purposes
 - a) The charity can make gifts to qualified donees
 - b) The charity can carry out its own charitable activities, which in turn would require that the charity must control all of its activities and resources (referred to as the “own activities test”)

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1. Gifts to Qualified Donees

- A registered charity can make gifts to other organizations that are on the list of qualified donees provided for in the ITA
- Qualified donees include more than just other Canadian registered charities
- The simplest way to carry on activities outside Canada is for a charity to make a gift to a qualified donee that has the experience and capacity in the foreign country to carry on the activity

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- List of qualified donees:
 - Prescribed universities outside Canada
 - United Nations and its agencies
 - Municipalities, provincial and federal governments
 - Foreign charities that the Canadian Government has made a gift to in the preceding 12 months

2. Carrying on Its Own Charitable Activities

- The carrying on of its own charitable activities requires a charity to be actively involved in programs that are intended to achieve its charitable purposes
- This can be done by the charity directly funding its own employees and/or volunteers in carrying out its programs
- It is not permissible for a registered charity to carry out its charitable purposes by merely giving either monies or other resources to an organization that is not a qualified donee

←1

B. INTERMEDIARIES

- When a charity cannot carry out an activity with its own staff or volunteers, it may use an intermediary to carry out its activities
- The Guidance sets out different types of acceptable intermediary relationships, but CRA does not recommend one type of relationship over another

←2

1. Agents

- In an agency relationship, a charity can appoint an agent to act as its representative in carrying out specific tasks on behalf of the charity and, in doing so, transfers monies or other charitable resources to the agent
- Agents can be organizations or individuals and do not need to be qualified donees under the ITA or registered charities in their own countries

←3

- Agency agreements can be one-time agreements or can be master agreements where there is to be a longer term relationship between the parties which are then supplemented by designations accompanying each transfer of monies
- CRA warns charities that they “must always be able to show that the agent is carrying on the charity’s own charitable work”
- Agency arrangements have traditionally been the most common method used by registered charities to carry on activities outside of Canada through intermediaries

←4

2. Joint Ventures
- A charity can also carry on its activities jointly with other organizations or individuals through a joint venture relationship where the participants pool their resources in order to accomplish their goal in accordance with the terms of a joint venture agreement
 - A charity can work with non-qualified donees as long as the charity is exercising control over the activities proportionate to the resources it is providing and it can demonstrate this fact

←5

- Generally, a joint venture committee is required to establish, conduct and oversee the joint venture
- Where the charity contributes 40% of the resources for the project, the charity should have 40% of the voting rights on the governing board
- CRA warns that if a charity is susceptible to being voted down by other joint venture participants, the charity should need to retain the right to discontinue supplying resources to the joint venture

←6

3. Co-operative Participants

- “Co-operative participant” is defined as “an organization that a charity collaborates with to achieve a common, charitable purpose. No longer referred to as a partnership
- Charities are considered co-operative participants where the charity works side by side with another organization to achieve a particular goal, but the organizations do not pool their resources or carry out the project as a joint venture

←7

4. Contractors

- CRA permits a charity to contract with an organization or individual in another country to provide goods and services to achieve its charitable purpose of the charity, including core charitable services
- Contractors can be organizations or individuals and do not need to be either qualified donees under the ITA or recognized charities in their own countries
- However, the registered charity is required to give specific instructions to its contractors

←8

C. THE “OWN ACTIVITIES” TEST

- The key consideration that a charity must have when carrying on activities abroad is whether it meets the “own activities” test
- Defined in the Guidance as activities *“which are directly under the charity’s control and supervision, and for which it can account for any funds expended.”*

←9

- Charities cannot act as a passive funding body or conduit for a non-qualified donee
- A conduit is an organization whose primary purpose is to raise funds in Canada for the benefit of a foreign non-qualified donee, and does not control all activities supposedly carried out on its behalf

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- The “own activities” test applies to charities that are offshoots of non-qualified donees, such as a charity that is subordinate to a head body organization located outside Canada
- Charities cannot simply send payments to head bodies, affiliates or other member organizations without receiving goods or services in return
- How does this apply to charities and religious organizations?

1. Control and Direction of Resources

- One part of the “own activities” test is the control and direction that the charity exercises over its resources
- A charity should always have an agreement in place with any intermediaries that it works with
- In some cases, the agreement may only require a verbal discussion, while other situations will call for all six measures of control discussed below

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- Six “measures of control” to assist in meeting the “own activities test”
 - a) Written agreements
 - b) Description of activities
 - c) Monitoring and supervision
 - d) Ongoing instruction
 - e) Segregated funds (if agency)
 - f) Periodic transfers

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2. Keeping Books and Records in Canada

- Charities must keep adequate books and records in Canada, in either English or French
- The books and records must allow CRA to verify that charitable funds are either being spent on its own activities or are being gifted to a qualified donee
- The books and records must have enough information to allow CRA to determine if the charity is operating in accordance with the Act

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D. ADDITIONAL ISSUES

1. Local Laws

- Charities operating within Canada must comply with Canadian laws
- Charities operating outside of Canada may be operating in areas where the laws are very different, but the Act does not require charities to comply with laws in foreign jurisdictions
- This is a change in position for CRA
- However, being a registered charity in Canada does not exempt a charity from the laws in the jurisdiction in which they operate

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- CRA strongly recommends that all charities make themselves aware of local laws before operating abroad
- Awareness of local laws will ensure that the public benefit of an activity is not offset by the harm that may result to those carrying out the activities, to the beneficiaries of the charity, or to anyone else

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2. Canada's Anti-Terrorism Legislation

- Added to the Guidance is a section on compliance with Canada's anti-terrorism legislation
- The Guidance reminds charities that it is their responsibility to ensure that they do not operate or associate with individuals or groups that support terrorist activities
- Failure to do so may result in the charity losing its status under the Act

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3. Funding from CIDA and Other Government Programs

- The Guidance points out that not all CIDA funded activities will be considered to be charitable. The participating charity must, therefore, ensure that the project meets its own charitable purposes
- CRA recommends contacting the Charities Directorate in situations of uncertainty regarding CIDA-funded projects to determine if it is charitable

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G. APPENDICES

- **Appendix A – Disaster Relief:** Deals with groups attempting to organize and register in the wake of a disaster in order to provide disaster relief
- **Appendix B – Building Capital Property in Foreign Countries:** Deals with situations where a charity wishes to transfer real or capital property to a non-qualified donee
- **Appendix C – Head Body Outside Canada:** CRA will accept payment of the lesser of 5% of the charity's total expenditures in the year or \$5,000.

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- **Appendix D – Capacity Building:** Deals with charities that are helping a community to develop the abilities and resources necessary for the community to become more self-sufficient
- **Appendix E – Joint Ventures:** Lists factors that will be considered when determining whether or not a charity meets the “own activities test” when working through joint ventures
- **Appendix F – Written Agreements:** Is a checklist for charities to use in helping make sure that the agreements they enter into contain the “minimum elements necessary” for compliance with the Act

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