



News release

Protecting the money given to charity

Ottawa, Ontario, April 14, 2009 . . . The Canada Revenue Agency (CRA) works to support charitable giving in Canada by helping donors make informed choices about the charities they support.

Most of the approximately 83,000 charities registered in Canada abide by the tax laws. When non-compliance is suspected based on public complaints or the information provided on annual information returns, the CRA undertakes an audit. Last year, 845 charities were selected for audit, and as a result the CRA revoked the charitable status of 38 organizations for serious infractions of the law. Many additional charities also lost their charitable status for failure to file their annual return.

When charitable status is revoked, an organization can no longer issue official tax receipts for the donations it receives and is no longer a qualified donee under the *Income Tax Act*. The organization is no longer exempt from income tax, unless it qualifies as a non-profit organization, and it may be subject to a tax equal to the full value of its remaining assets.

The CRA publishes the names of charities that lose their charitable status on its Web site, so that potential donors are aware that the charity can no longer issue tax receipts. The notice of intent to revoke and other letters relating to the grounds for revocation are available to the public on request by calling 1-800-267-2384.

Revoking an organization's charitable status is a serious step that is generally only used in cases of serious non-compliance. This includes, but is not limited to, instances where an audit identifies:

- significant non-charitable activity;
- private benefits directed towards directors and/or related persons;
- tax receipts issued in excess of actual gifts received or directed to specific persons;
- failure to spend sufficient amounts on charitable activities;
- gaps in or non-existent books and records; and/or
- lack of control and/or direction over expenditure of funds.

The CRA Charities Listings, available at www.cra.gc.ca/donors, allows donors to search for any charity to view its annual information returns and verify that the charity they wish to donate to is registered. Visitors to the site can also find information on how the CRA **regulates charities** and tips for **donating wisely**.

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