



News release

The Canada Revenue Agency revokes the charitable status of International Charity Association Network

Ottawa, Ontario, August 11, 2008... The Canada Revenue Agency (CRA) has revoked the registered charity status of International Charity Association Network (ICAN) effective August 9, 2008.

On December 3, 2007, the Minister of National Revenue issued a notice of intent to revoke the charitable registration of ICAN, in accordance with subsection 168(2) of the *Income Tax Act*. ICAN filed a motion with the Federal Court of Appeal seeking an extended period before revocation, which was subsequently dismissed. In its decision, the Court stated, in part, that:

I have reached no conclusion as whether the Minister's allegations are true, except those that are undisputed. However, if they are true, it is arguable that they provide a *prima facie* justification for the Minister's decision to revoke ICAN's registration. I will mention some of the Minister's allegations to illustrate this point.

The Minister alleges that in 2006, ICAN issued charitable donation receipts totaling approximately \$464 million. ICAN does not dispute that allegation. The Minister alleges that is almost five times the total charitable donation receipts issued by United Way of Greater Toronto in the same year, although ICAN had only 16 employees in Ontario, compared to 165 full-time and 43 part-time employees of United Way of Greater Toronto. The Minister also alleges that ICAN failed to provide the auditor with evidence that it has carried on its charitable activities on the scale on which claims to operate. In addition, the Minister alleges that ICAN has actively participated in tax shelter schemes that resulted in ICAN receiving property for which tax receipts were issued in amounts far in excess of the value of the property. . . .

The Minister takes the position, properly in my view, that the public has a legitimate interest in the integrity of the charitable sector. It is reasonable for the Minister to safeguard that integrity by carefully scrutinizing tax shelter schemes involving charitable donations of property and, where there are reasonable grounds to believe that the property has been overvalued, by taking appropriate corrective action.

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.

A charity that has had its charitable status revoked can no longer issue donation receipts for income tax purposes. The charity 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.



Registered charities in Canada perform valuable work in our communities, and Canadians support this work in many ways. The CRA regulates registered charities through the *Income Tax Act* and is committed to ensuring that charities operate in compliance with the law. Where a registered charity is found not to comply with its legal requirements, the CRA may apply monetary penalties or may suspend or revoke the charity's status under the Act.

The CRA is reviewing all tax shelter-related donation arrangements (for example, schemes that typically promise donors tax receipts worth more than the actual amount of the donation), and it plans to audit every participating charity, promoter, and investor. For more information about tax shelters, visit the CRA's Tax alert Web page at www.cra.gc.ca/alert.

Related announcements

See the news release of November 29, 2007, *CRA Issues Notice of Suspension to International Charity Association Network*, and its backgrounder, *Notice of Suspension to International Charity Association Network*.

-30-

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