



# News release

## The Canada Revenue Agency revokes the charitable status of the Choson Kallah Fund of Toronto

Ottawa, Ontario, November 3, 2008...The Canada Revenue Agency (CRA) has revoked the charitable status of the Choson Kallah Fund of Toronto effective November 1, 2008.

On December 21, 2007, the Minister of National Revenue issued a notice of intent to revoke the charitable registration of the Choson Kallah Fund of Toronto, in accordance with subsection 168(2) of the *Income Tax Act*. The letter stated, in part, that:

The audit conducted by . . . (the “CRA”), identified that Choson Kallah Fund of Toronto (the “Charity”), based on the activities of the Charity and the level of financial activity and resources devoted to this program, is operating primarily or collaterally for the purpose of furthering a tax shelter donation arrangement. In our view, the Charity's original purpose, which is to provide funding for relief of poverty to impoverished individuals, has been sidetracked by its participation in this arrangement and has, in effect, become a secondary purpose. . . .

Accordingly, it remains our view that the Charity has willingly lent its name and tax receipting privileges to the tax shelter in exchange for monetary compensation. In our view, the Charity has participated in a program designed to abuse the charitable gift incentive provisions of the [*Income Tax Act*]. The Charity's participation in this program is to issue receipts for property it neither uses nor sees for values established by the shelter promoters. The Charity is compensated for its participation for a set fee representing a scant 0.05% of all donation receipts issued (after deducting expenses). The Charity issued tax receipts for amounts in excess of \$177 million during the years under review. In our view, the Charity's participation in this program has become an end in and of itself. Accordingly, it is our view that the Charity has operated for the non-charitable purpose of promoting and participating in a tax shelter arrangement and, accordingly, cannot be considered to be a charitable organization all the resources of which are devoted to charitable activities.

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 and is no longer a qualified donee under the *Income Tax Act*. 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.



Canada Revenue  
Agency

Agence du revenu  
du Canada

Canada

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, go to the CRA's Tax alert Web page at **[www.cra.gc.ca/alert](http://www.cra.gc.ca/alert)**.

For more information about the registration of Canadian charities, go to the CRA's Charities and Giving Web page at **[www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)**.

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