



News release

The Canada Revenue Agency revokes the charitable status of the Fondation des Arts H.B. Ltée/H.B. Arts Foundation Ltd.

Ottawa, Ontario, December 8, 2008 . . . The Canada Revenue Agency (CRA) has revoked the charitable registration of the Fondation des Arts H.B. Ltée/H.B. Arts Foundation Ltd., a Montréal-area charity. This revocation was effective December 6, 2008.

On November 4, 2008, the Minister of National Revenue issued a notice of intent to revoke the charitable registration of the Fondation des Arts H.B. Ltée/H.B. Arts Foundation Ltd., in accordance with subsection 168(2) of the *Income Tax Act*. The letter stated, in part, that:

[F]rom 2003-2006, the Charity purportedly received in excess of \$13 million in donations and paid \$650,611 in professional fees. In the same period the Charity reported a meagre \$15,344 in charitable activity

In our view, the Charity has completely neglected its charitable mandate. Instead, it appears the primary, if not sole purpose of the Charity is to receive funds and flow these funds to offshore accounts as instructed, issue tax receipts, and to pay persons associated with the scheme. In our view, it is clear that the Charity no longer operates for charitable purposes, but is operating primarily if not exclusively for the promotion of abusive tax shelter arrangements which is not charitable at law

The Charity has not conducted any activities, charitable or otherwise, since its involvement in the tax shelters. As above, the Charity has confirmed it is not active and any funds received to date from its involvement in the donation arrangements has been used for non-charitable expenses such as fundraising fees and payments to related persons. It appears therefore that the Charity is merely retaining its registered charity status to collect the minimal interest income payments received and using them for personal gain.

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.



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 *Income Tax 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**.

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**.

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