



News release

The Canada Revenue Agency revokes the charitable status of Healing and Assistance Not Dependence Canada

Ottawa, Ontario, June 8, 2009. . . The Canada Revenue Agency (CRA) has revoked the charitable registration of Healing and Assistance not Dependence Canada, an Ottawa-area charity. This revocation was effective June 6, 2009.

On April 28, 2009, the CRA issued a notice of intention to revoke the charitable registration of Healing and Assistance not Dependence Canada, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit has concluded that from September 1, 2006, to August 31, 2008, Healing and Assistance not Dependence Canada (the Charity) received nearly \$2.8 million in cash through the Canadian International Aid Program, a registered tax shelter. Of this amount, \$1.9 million was transferred to a registered charity and other entities participating in the tax shelter arrangement. Of the 30% or \$900,000 retained by the Charity, it reported \$543,000 was incurred for administrative costs and \$282,000 was devoted to its own charitable programs.

In addition, our audit also revealed that the Charity completely restructured its operations after several years of dormancy, by making wholesale changes to its name, governing purposes, and board of directors in 2007. In our view, this restructuring was intended to facilitate the Charity's entrance into the tax shelter arrangement, allowing the program to flow seamlessly after the revocation of the Charity's predecessor, without necessitating material changes to the literature describing the participating charities.

Based on the audit results, it is our position that the Charity's role in the tax shelter arrangement was to circulate funds in a guise to add legitimacy to the transactions; that the amounts paid to the other participating charity were paid as compensation for its role in receiving and receipting the tax shelter property and are not gifts made to a qualified donee; and the Charity has restructured itself to accommodate the tax shelter arrangement.

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 cannot be considered to be a charitable organization, all the resources of which are devoted to charitable activities.

The notice of intention 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 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.



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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