



News release

The Canada Revenue Agency revokes the charitable status of Living Waters Ministry Trust

Ottawa, Ontario, June 8, 2009. . . The Canada Revenue Agency (CRA) has revoked the charitable registration of Living Waters Ministry Trust, a London-area charity. This revocation was effective June 6, 2009.

On April 24, 2009, the CRA issued a notice of intention to revoke the charitable registration of Living Waters Ministry Trust, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit has concluded that from August 11, 2004 to December 31, 2006, Living Waters Ministry Trust issued in excess of \$41.6 million in receipts for cash received through a tax shelter arrangement. The Charity, in turn, directed \$40.7 million of the cash to another registered charity also participating in this arrangement. Our audit revealed that the vast majority of the cash sent to the other participating charity was subsequently paid to the promoters of the tax shelter arrangement. Of the remainder, the Charity itself paid \$443,000 in fundraising fees to the tax shelter promoters and retained \$416,000 for use in their own activities.

It is our position that the Charity has operated for the non-charitable purpose of promoting a tax shelter arrangement and for the private benefit of the tax shelter promoters. The Charity has issued receipts for transactions that do not qualify as gifts, issued receipts otherwise than in accordance with the *Income Tax Act* and its Regulations, has failed to maintain sufficient books and records to support its activities and has used its income for the personal benefit of its trustees. For all of these reasons, and for each of these reasons alone, it is the position of the CRA that the Charity's registration should be revoked.

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.



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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**.

-30-

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