

## The Canada Revenue Agency revokes the charitable status of Henvey Inlet First Nation Community Support Organization

Ottawa, Ontario, May 10, 2010. . . The Canada Revenue Agency (CRA) has revoked the charitable registration of Henvey Inlet First Nation Community Support Organization, a Sudbury-area charity. This revocation is effective May 8, 2010.

On March 30, 2010, the CRA issued a notice of intention to revoke the charitable registration of Henvey Inlet First Nation Community Support Organization, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit has concluded that from April 1, 2003 to March 31, 2008, Henvey Inlet First Nation Community Support Organization (the Organization) issued in excess of \$44 million in receipts for cash received through various tax shelter arrangements. The Organization, in turn, transferred 99% of the receipted amount to the tax shelter promoters as fundraising fees and investments in off-shore accounts. The Organization was able to immediately retain 1%, or \$464,181, of the total cash flowed through its accounts and reported receiving cumulative interest and investment income of \$378,256, or a 0.8% cumulative return on its off-shore investments. The CRA's audits have found that of the funds purportedly invested off-shore, all or most were directed to an off-shore investment vehicle and then immediately returned to the original lender of the funds.

Based on the audit results, it is our position that the Organization has operated for the non-charitable purpose of promoting tax shelter arrangements in return for an accommodation fee of 1%. In addition, it is our position that the Organization has failed to devote all its resources to charitable activities; issued receipts for transactions that do not qualify as gifts; issued receipts otherwise than in accordance with the *Income Tax Act* and its Regulations; and has failed to maintain sufficient books and records to support its 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](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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