News Release

Protecting the money you give to charity

Ottawa, Ontario, June 14, 2010… Keith Ashfield, Minister of National Revenue, Minister of the Atlantic Canada Opportunities Agency, and Minister for the Atlantic Gateway, wants to assure Canadians that they can feel secure with the choice of charities they support, thanks to the work of the Canada Revenue Agency.

“Charities play a very important role in Canadian society, and the Canada Revenue Agency recognizes their significance. The CRA wants Canadians to inform themselves when choosing a charity to support, and it has many resources available to help them do so,” said Minister Ashfield.

Most of the approximately 85,000 charities registered in Canada abide by the tax laws. When non-compliance is suspected based on public complaints or the information provided on annual information returns, the CRA undertakes an audit. Last year, 810 charities were selected for audit, and as a result, the CRA revoked the charitable status of 40 organizations for serious infractions of the law. Many additional charities also lost their charitable status for failure to file their annual return.

When charitable status is revoked, an organization can no longer issue official tax receipts for the donations it receives 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.

The CRA publishes the names of charities that lose their charitable status on its Web site, so that potential donors are aware that the charities can no longer issue tax receipts. 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.

Revoking an organization’s charitable status is an important step that is used in cases of serious non-compliance. This includes, but is not limited to, instances where an audit identifies:

- significant non-charitable activity;
- private benefit directed towards directors and/or related persons;
- tax receipts issued in excess of actual gifts received or directed to specific persons;
- failure to spend sufficient amounts on charitable activities;
- gaps in or non-existent books and records; and/or
- lack of control and/or direction over expenditure of funds.

The CRA Charities Listings, available at **www.cra.gc.ca/donors**, allows donors to search for any charity to view its annual information returns and verify that the charity they wish to donate to is registered. Visitors to the site can also find information on how the CRA **regulates charities** and tips for **donating wisely**.

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