

# Charities Information Session

What you need to know about maintaining charitable registration





**LAND ACKNOWLEDGEMENT**  

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**RECONNAISSANCE DES TERRES**

# Objective

Provide charities information and resources on what they need to know to maintain charitable registration.





# Overview

Part 1: Introduction

Part 2: Charity registration in Canada

Part 3: Requirements of registration

Part 4: Maintaining charitable registration

Part 5: Support for charities



# Part 1: Introduction

# Introduction

The Charities Directorate is the area of the Canada Revenue Agency (CRA) that administers the sections of the Income Tax Act (ITA) related to the regulation of charities.

## The Charities Directorate:

- Registers charities under the ITA
- Educates the public and charities on the requirements for registration
- Protects the sector from terrorist financing abuse
- Monitors the sector for compliance
- Carries out compliance actions

## Part 2: Charity registration in Canada

# Charity registration in Canada (1/2)

## Eligibility requirements

A registered charity must be established and operated for exclusively charitable purposes, and devote its resources (funds, personnel and property) to its charitable activities.

The ITA allows a registered charity to use its resources, inside or outside Canada, in one of three ways:

- On its own charitable activities;
- On making gifts to qualified donees; or
- On making grants to non-qualified donees.



# Charity registration in Canada (2/2)

## Benefits of registration

Registered charities:

- can issue official donation receipts for gifts
- are exempt from paying income tax
- are eligible to receive gifts from registered charities
- have some exemptions from goods and services tax/harmonized sales tax (GST/HST)

## Part 3: Requirements of registration

# Requirements of registration (1/8)

To maintain charitable registration, charities must:

- ✓ Engage only in allowable activities
- ✓ Keep adequate books and records
- ✓ Issue complete and accurate donation receipts
- ✓ Meet annual spending requirement (disbursement quota or DQ)
- ✓ File annual T3010 information return
- ✓ Maintain status as a legal entity
- ✓ Inform the Charities Directorate of any changes to the mode of operation or legal structure

# Requirements of registration (2/8)

## Engage only in allowable activities

A registered charity must be created for charitable purposes and must devote its resources (funds, personnel, and property) to charitable activities. A registered charity is allowed to carry out its charitable purposes both inside and outside Canada in the following ways:

- carrying on its own charitable activities through
  - its staff and volunteers
  - an intermediary (over which a charity must exercise direction and control)
- making qualifying disbursements through
  - gifts to qualified donees
  - grants to non-qualified donees that meet accountability requirements under the Income Tax Act

Regardless of how it operates, a registered charity must not engage in activities that directly or indirectly support or oppose a political party or candidate for public office or unrelated business activities.

# Requirements of registration (3/8)

## Keep adequate books and records

A registered charity must keep adequate books and records for the prescribed time period at an address in Canada that is on file with the CRA.

In order to be considered adequate, books and records need to allow the CRA to verify the:

- revenue
- percentage spent on charitable programs
- purposes and activities




# Requirements of registration (4/8)

## Issue complete and accurate donation receipts

A registered charity may only issue official receipts for donations that legally qualify as gifts. An official receipt must contain all the information specified in Section 3501 of the Income Tax Regulation.

**Official donation receipt for income tax purposes** Receipt # XXXXX

	<b>Charity or qualified donee name</b> <b>Address</b> <b>Charitable registration #: 000000000 RR 0000*</b>	<b>Receipt issued</b> _____ DD/MM/YYYY <b>Location issued</b> _____ City, Prov.
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**Donated by** \_\_\_\_\_  
(First and last name, and initial)

**Address** \_\_\_\_\_

**Donation received** \_\_\_\_\_ **Amount of gift** \_\_\_\_\_  
(Date or year)\*\*

**Eligible amount of gift**

**Authorized signature:** \_\_\_\_\_

Canada Revenue Agency - [canada.ca/charities-giving](http://canada.ca/charities-giving)

# Requirements of registration (5/8)

## Meet annual spending (disbursement quota or DQ)

The disbursement quota is the minimum amount that your registered charity is required to spend each year on either its own charitable activities or its qualifying disbursements through gifts to qualified donees or grants to non-qualified donees.

The disbursement quota calculation is based on the value of your property not used for charitable activities or administration.

As of January 1, 2023, we no longer review or grant accumulation requests. Charities must now include all assets not used in charitable programs or administration in their disbursement quota calculation (schedule 8 of the T3010 information return).

# Requirements of registration (6/8)

## File annual T3010 information return

The best way to complete your T3010 information return is online using My Business Account (MyBA).

Tips and tricks for filing your T3010 information return:

- file a complete return
- file your return within six months from the end of your charity's fiscal year
- make sure your financial statements are included with your return and have the same fiscal year-end
- file your return even if your charity was inactive during its fiscal year
- describe your charitable activities, not your fundraising activities, in Section C2
- make sure there is a signature of a director/trustee or like official in Section E
- include the dates of birth, arm's length status, and postal codes for all directors, trustees, and like officials on Form T1235
- include the registration numbers for all qualified donees on Form T1236

# Requirements of registration (7/8)

## Maintain status as a legal entity

A registered charity that is constituted federally, provincially, or territorially must meet other specific requirements (in addition to the requirements of CRA) in order to maintain its status as a legal entity.

This may include annual filing and/or annual fees.

A registered charity should check with the relevant authorities to verify these additional requirements. Failure to maintain its status as a legal entity could result in the revocation of its registration as a charity.

# Requirements of registration (8/8)

## Inform the Charities Directorate of any changes to the mode of operation or legal structure

It is important that the Charities Directorate has accurate information about all registered charities in Canada. A registered charity should get confirmation from the Directorate before changing its stated objects and/or activities to make sure they qualify as charitable.

A registered charity should inform the Directorate if it changes the following:

- name
- telephone number
- address
- contact person
- governing documents (constitution, letters patent, etc.)

A registered charity must obtain prior approval from the Directorate before changing its fiscal year-end.

A lot of this information can be updated online using MyBA.



## Part 4: Maintaining charitable registration

# Maintaining charitable registration (1/2)

## Most common non-compliance issues

- Incomplete/incorrect annual T3010 information return
  - Missing or incorrect amounts
  - Missing director information
  - Not including annual financial statements
- Late filing of annual T3010 information return
- Failure to maintain adequate books and records
- Incomplete or inaccurate donation receipts
- Furthering non-charitable purposes and/or conducting non-charitable activities
- Gifting to non qualified donees

# Maintaining charitable registration (2/2)

## Serious non-compliance issues observed in the sector

- Abusing and/or misusing tax-receipting privileges
  - Lending registration numbers
  - Inflated receipt amounts
- Conferring private and/or undue benefits
- Abusive tax shelter arrangements

# Part 5: Support for charities

# Support for charities

The Charities Directorate offers a number of different tools and services to support charities.

## Client service representatives - 1-800-267-2384

- Provide guidance to charities on changing their legal name, purposes, activities, and more
- Provide interpretation and technical advice

## Digital services

[My Business Account](#) (MyBA) is a secure online portal that allows charities to do the following tasks:

- ✓ apply to become a registered charity and view application status
- ✓ complete and file the annual return and make adjustments
- ✓ update information about an organization, including addresses, list of directors, representatives, and other post-registration amendments
- ✓ upload supporting documents and correspond with the Charities Directorate
- ✓ access payroll and GST/HST accounts, file T4 slips, GST/HST returns, and view the organization's account balance, transactions, and remitting requirements

## Tools and resources

- [Charities and giving](#) webpages
  - [Registering for charitable or other qualified donee status](#)
  - [Operating a registered charity](#)
  - [Resources for maintaining charitable registration](#)
- Educational videos and products like infographics
- Charities information webinars
- [Annual Report](#)

## [Electronic mailing list](#)

- Subscribers receive updates when new information is added to the website, such as:
  - webpages
  - guidance or advice on maintaining registered status
  - general information for the charitable sector



# Additional websites

1. The **Advancement of education and charitable registration**, Guidance CG-030: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/advancement-education-charitable-registration.html>
  2. **Agriculture**, CSP-A18: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/summary-policy-a18-agriculture.html>
  3. Specifically **Section D** of **Community economic development activities and charitable registration**, Guidance CG-014: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/community-economic-development-activities-charitable-registration-014.html#toc16>. (This section relates specifically to organizations that can be registered to promote a specific industry, such as agriculture.)
  4. In case anyone wants to look up other charities that are currently registered, the **List of charities and certain other qualified donees**, at [https://apps.cra-arc.gc.ca/ebsi/hacc/srch/pub/dsplyBscSrch?request\\_locale=en](https://apps.cra-arc.gc.ca/ebsi/hacc/srch/pub/dsplyBscSrch?request_locale=en)
  5. Examples of sample donation receipts, at [www.canada.ca/en/revenue-agency/services/charities-giving/charities/sample-official-donation-receipts.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/sample-official-donation-receipts.html)
- Information about **Issuing Receipts**: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html>

