



REGISTERED MAIL

Divine Faith and Deliverance Assembly
30 Hansen Road Unit 906
Mississauga ON L5B 3A7

Attention: Delores Smith

BN: 848821195

File #: 3035715

June 26, 2012

**Subject: Revocation of Registration
Divine Faith and Deliverance Assembly**

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of Divine Faith and Deliverance Assembly (the Organization) was published in the Canada Gazette on June 23, 2012. Effective on that date, the Organization ceased to be a registered charity.

Consequences of Revocation:

- a) The Organization is no longer exempt from Part I Tax as a registered charity and **is no longer permitted to issue official donation receipts**. This means that gifts made to the Organization are no longer allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the *Income Tax Act*, respectively.
- b) By virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the Return is enclosed. The related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, is available on our website at www.cra-arc.gc.ca/E/pub/tg/rc4424.

Section 188(2) of the Act stipulates that a person (other than a qualified donee) who receives an amount from the Organization is jointly and severally

liable with the Organization for the tax payable under section 188 of the Act by the Organization.

- c) The Organization no longer qualifies as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

In accordance with *Income Tax Regulation* 5800, the Organization is required to retain its books and records, including duplicate official donation receipts, for a minimum of two years after the Organization's effective date of revocation.

Finally, we wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister of National Revenue (the Minister) in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,



Danie Huppé-Cranford
Director
Compliance Division
Charities Directorate
Telephone: 613-957-8682
Toll free: 1-800-267-2384

Enclosures

- Copy of the Return (form T-2046)
- Canada Gazette publication

c.c.: Ms. Letha McDonald





MAR 06 2012

REGISTERED MAIL

Divine Faith and Deliverance Assembly
30-Hansen-Road-Unit-906
Mississauga ON L5B 3A7

BN: 848821195RR0001

Attention: Delores Smith

File #:305715

**Subject: Notice of Intention to Revoke
 Divine Faith and Deliverance Assembly**

Dear Ms. Smith:

I am writing further to our letter dated November 2, 2011 (copy enclosed), in which you were invited to submit representations as to why the registration of Divine Faith and Deliverance Assembly (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

As of this date, we still have not received any response to our letter.

Conclusion:

The Canada Revenue Agency's (CRA) audit has revealed that the Organization is not complying with the requirements set out in the *Income Tax Act*. In particular, it was found that the Organization failed to maintain adequate books and records to support its reported revenue and expenditures, as well as to support its charitable activities. Additionally, the Organization did not maintain duplicate copies of all the donation receipts it issued; consequently, we were unable to quantify the amount of the receipts issued. For all of these reasons, and for each reason alone, it is the position of the CRA that the Organization no longer meets the requirements necessary for charitable registration and should be revoked in the manner described in section 168(1) of the Act.

Consequently, for each of the reasons mentioned in our letter dated November 2, 2011, I wish to advise you that, pursuant to subsection 168(1) of the Act, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

Canada

Place de Ville, Tower A
320 Queen Street, 13th Floor R350 E (08)
OTTAWA, ONTARIO K1A 0E6

Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(c), 168(1)(d) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.

Business Number
848821195RR0001

Name
Divine Faith and Deliverance
Assembly
Mississauga, ON

Should you wish to object to this notice of intention to revoke the Organization's registration in accordance with subsection 168(4) of the Act, a written Notice of Objection, which includes the reasons for objection and all relevant facts, must be filed within **90 days** from the day this letter was mailed. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
250 Albert Street
Ottawa ON K1A 0L5

Consequences of Revocation

As of the effective date of revocation:

- a) the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**. This means that gifts made to the Organization would not be allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the Act, respectively;
- b) by virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the relevant provisions of the Act concerning revocation of registration, the tax applicable to revoked charities, and appeals against revocation, can be found in Appendix "A", attached. Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our website at www.cra-arc.gc.ca/charities;

c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

Finally, I wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

Yours sincerely,



Cathy Hawara
Director General
Charities Directorate

Attachments:

- CRA letter dated November 2, 2011
- Appendix "A", Relevant provisions of the Act

c.c.: Ms. Letha McDonald





REGISTERED MAIL

Divine Faith and Deliverance Assembly
30 Hanson Road Unit 906
Mississauga ON L5B 3A7

BN: 848821195RR

Attention: Deloris Smith

File #: 3035715

November 2, 2011

Subject: Audit of Divine Faith and Deliverance Assembly

Dear Ms. Smith:

This letter is further to the audit of the books and records of the Divine Faith and Deliverance Assembly (the Organization) conducted by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization for the period from January 1, 2008 to December 31, 2009.

At our meeting of August 23, 2011, you were advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* and/or its *Regulations* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Books and Records	230(2), 168(1), 188.1(2)
2.	Official Donation Receipts	230(2), Regulation 3501
3.	Charity Information Returns	149.1(14), 168(1)(c), 188.1(6)
4.	Non-filing of T4/T4As.	153(1), Regulation 200(1) and (2)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of the audit as they relate to the legislative and common law

requirements applicable to registered charities, and to provide the Organization with the opportunity to make additional representations or present additional information. Registered charities must comply with the law, failing which the Organization's registered status may be revoked in the manner described in section 168 of the Act.

The balance of this letter describes the identified areas of non-compliance in further detail.

Identified Areas of Non-Compliance:

Books and Records

Subsection 230(2) of the Act states, "Every registered charity and registered Canadian amateur athletic association shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing

- (a) information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under this Act;
- (b) a duplicate of each receipt containing prescribed information for a donation received by it; and
- (c) other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax crédit is available under this Act."

The books and records of the Organization are considered inadequate and do not meet the requirement of the Act:

No banking records, such as bank statements, deposit or bank books, cancelled cheques, or bank reconciliations were provided. As a result, it is not possible to verify if the amounts reported for donations or if the amounts reported for the expenses are correct (see below for additional information on the donation receipts).

Neither the corporate minute book nor board minutes were provided. Without this information, it was not possible to determine who were (are) the directors of the Organization (see the section on Charity Information Returns below for additional information) or whether there were any changes to the Organization's formal objects and activities. In addition, board minutes help confirm the activities that the Organization engaged in, and whether it was devoting its resources to charitable activities. Without these minutes, it is not possible to confirm that its resources were used for charitable activities.

Expenses were not fully supported by adequate documentation (note: not all the expenses were reviewed). It appears that the majority of the expenses were paid cash, but there were no supporting receipts or vouchers. For example, the payments to the musicians and the Pastor, including the pre-paid cell phone in 2009, represent 63% of

the expenses reported for 2009 and 72% in 2008; however, there was no documentation provided to support these amounts, and in the case of the musicians, who the amounts were paid to.

For the musicians, only the full name of one of the five musicians was provided – for all the others, only the first name was provided. In addition, there was no address information provided for any of the musicians and only the phone numbers of two were provided. See the section on T4/T4As below for additional information.

The charity did not maintain duplicate copies of all the donation receipts. Some receipts were provided for 2009, but not all of them of them were and of the ones provided, not all meet the requirements of Regulation 3501 (see table below). One receipt was provided for 2008, but it also did not meet the requirement of the Act. See below for additional information on the donation receipts.

It was indicated that the donations received during the service were recorded in a book. This book was reviewed and it was determined that the information in it was not reliable because the neither the treasurer nor her daughter, who was presented as being a current board member (see above about board members), were unable to explain what some of the entries meant.

It was noted in the book that there were entries marked "vow" and the Organization was asked to provide information on these vows: they were asked if this was similar to a pledge and at first the response was yes and then it was indicated that it in fact represented the actual amount of the donations paid. The entries for Mar. 18/09 for her Delores Smith for \$200 and for Shimyka for \$50 were reviewed and at first it was presented that these amounts represented amounts actually paid, but the March 18/09 vow total did not match the amount that was on the tithe and offering amount listed for the Mar. 22/09 entry. In the end, it was not possible to determine what these amounts/items represented.

In addition, the Organization lacks an adequate system of internal controls. It was indicated that the treasurer is not involved with the banking, did not review the banking records and that Pastor Robinson made the deposits after cash expenses were paid. No reconciliations, bank statements or other supporting documents were provided to show that the Organization exercised adequate controls over its monies.

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the Organization, because it has failed to comply with or contravened any section of 230 to 230.5 as described at paragraph 168(1)(b) and 168(1)(e) of the Act.

Official Donation Receipts

The donation receipts issued by the Organization did not meet the requirement of Regulation 3501 of the ITA and the receipts that were provided did not reconcile to the charity information returns:

(a) the name, Canada Revenue Agency, and the website address www.cra-arc.gc.ca/charities were not recorded on the receipts;

(b) some of the receipts were issued without receipt numbers. Only one receipt was provided for 2008 - this is in a letter format that is dated March 17, 2009. It is marked as an official receipt, but there is no receipt number on it.

In addition, in 2009, receipt number 0006 was issued to Ms. Stacey Anderson and Uriah Walters; however, documentation was received that revealed that an official donation receipt letter, without a receipt number, was issued to the same donors.

(c) the complete name and address of the donor was not on every receipt. See table below. We note that receipt number 5 was issued to a board member. Receipt number 17 was only addressed to "Ms. Nadine".

(d) the place or locality where the receipt was issued was not recorded on the receipts.

2009 Receipt Summary

Receipt #	Amount	Notes
2	\$ 110	
3	\$ 40	No address
4	\$ 900	
5	\$ 500	No address
6	\$ 160	
7	\$ 1,159	
11	\$ 95	No address
12	\$ 1,065	No address
13	\$ 670	
14	\$ 50	
15	\$ 50	No address
16	\$ 795	No address
17	\$ 55	No address
Total above	\$ 5,649	
Per return	\$ 13,095	(line 4500)
Variance	-\$ 7,446	*

*If a receipt was issued for the July 19th donation of \$7,200 (see below), then the variance would be \$246.

In the financial statements filed with the 2009 return, \$7,270 is identified as being the donations for July 19. When asked, the Organization indicated that \$7,200 represented cash donations received from Emad Attia that were identified as being a "seed offering"; however, the treasurer was unable to provide any contact information for this donor and the charity's copy of the donation receipt was not provided (all the income on the 2009/12/31 return was recorded at line 4500 so it appears that it was received; however, this amount cannot be verified due to the missing books and records).

When asked for details, the treasurer indicated that this individual made two cash donations, one of \$5,000 and one of \$2,200, on the same to the day to the Pastor. When asked if this money was deposited in the bank, she said that it wasn't. Further, when asked if she had seen this money, she originally replied that she had not, but then indicated that she did.

This donation represents 55% of the reported donations for that year, but there is no documentation provided to support it. No information was provided as to where the funds were maintained (i.e. what bank account, if any was the money deposited into). It would seem unusual for a single donation of this size that the treasurer of an Organization was not involved with it, or at least had information regarding the nature of the donation or the donor. Further, the nature in which this donation was made (two cash payments on the same day) is unusual.

Based on information received by the Agency, the Organization issued a donation receipt for \$2,080 in 2006; however, the Organization was registered effective 2007/04/03. As a result, the Organization was not authorized to issue any receipts for the 2006 year.

The Minister may revoke the registration of the Organization, because it issued a receipt for a gift or donation otherwise than in accordance with the Act as described at paragraph 168(1)(d) of the Act.

Charity Information Returns

Pursuant to subsection 149.1(14) of the ITA, every "registered charity" must, within six months after the end of the charity's fiscal period (taxation year), without notice or demand, file a Registered Charity Information Return with the applicable schedules. This return must be in prescribed form and contain prescribed information. A charity is not properly meeting its information return filing requirements when it fails to exercise due care with respect to insuring the accuracy thereof.

The charity information returns that were filed did not reconcile to the financial statements and they contained errors and/or were completed incorrectly as outlined below.

On the 2009/12/31 return the Organization indicated that the charity has wound-up, dissolved or terminated operations (line 1570, Section A2); however, this was not the case.

On both the 2008/12/31 and 2009/12/31 returns the Organization indicated that they did planned giving as a fundraising method, but based on the information provided, there were no planned giving campaigns.

Other errors identified on the returns:

- a) Line 4840 - 2009 T3010 understated by \$5.
- b) Line 4880 - 2009 T3010 understated by \$7,135 representing amounts of compensation paid to the musicians (\$2,520) and pastor (\$4,615).
- c) Line 5000 - 2008 T3010 overstated by \$8,647; the organization reported the total expenses on this line.

2009 T3010 nothing was reported here - all expenses reported at line 5040.

d) Line 5010 - 2008 T3010 the organization reported the total expenses on this line (total expenses have been reported twice).

2009 T3010 nothing was reported here, all the expenses were recorded at line 5040.

e) Line 5020 - 2008 T3010 understated by \$733 representing costs of food, tickets and decorations with respect to a fundraising dinner/events.

f) Line 5040 - 2009 T3010 the organization has reported the total expenses plus 3 on this line.

The Organization failed to file its 2010/12/31 return by the required date - June 30, 2011. This return has subsequently been filed: it was received on October, 19th, 2011, approximately 3.5 months after the due date. It was not reviewed as part of this audit.

The directors listed on both returns were: Leecoft Robinson, Adrianna Robinson, Timothy Alleyne, Novelette Graham and Delores Smith. Although we were not able to contact all the directors, we did speak with Adriana Robinson who indicated that she had no involvement with the Organization during the audit period. As noted above, without the corporate minute book or board minutes, we are unable to verify who the board members were, but it would appear that Adriana Robinson was not a member during the audit period, and as such, she should not have been listed on the director's worksheet.

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the Organization because it has failed to file an information return as and when required by subsection 149.1(14) of the Act or a Regulation as described at paragraph 168(1)(c) of the Act.

Non-filing of T4s/T4As

Amounts were recorded on the Organizations' financial statements as pastor honoraria, musician fees and in 2009, as cell prepaid. As noted above, there was no documentation provided to support these payments, and they appear to all be cash payments.

The Organization was asked to provide information on how the amount of remuneration paid to Pastor Robinson was determined. During the August 23, 2011 interview it was presented that he was paid a percentage of the gross donations received; however the amount of the percentage was unknown. An analysis was conducted using the monthly donations and the amounts recorded as the pastor honoraria; the results showed that the percentages varied widely (see table below). As a result, it does not appear that the amount of remuneration was based on the donations received.

	2009			2008		
	Honoraria	Gross Donations	Honoraria as % Donations	Honoraria	Gross Donations	Honoraria as % Donations
Jan.						
Feb.	\$ 278.00	\$ 1,390.00	20.00%	\$ 190.00	\$ 862.25	22.04%
Mar.	\$ 159.30	\$ 1,062.00	15.00%	\$ -	\$ 742.50	0.00%
Apr.	\$ 198.30	\$ 1,322.00	15.00%	\$ 250.00	\$ 763.00	32.77%
May	\$ 130.50	\$ 870.00	15.00%	\$ 320.00	\$ 944.00	33.90%
Jun.		\$ 210.00		\$ 1,000.00	\$ 3,585.33	27.89%
Jul.	\$ 1,586.81	\$ 7,390.00	21.47%	\$ 800.00	\$ 1,462.35	54.71%
Aug.	\$ 1,013.24	\$ 310.50	326.33%	\$ 600.00	\$ 1,179.00	50.89%
Sept.	\$ 549.04	\$ 210.00	261.45%	\$ 800.00	\$ 1,371.22	58.34%
Oct.	\$ 423.01	\$ 231.00	183.12%	\$ 800.00	\$ 1,251.50	63.92%
Nov.	\$ 276.82	\$ 125.00	221.46%	\$ 800.00	\$ 1,467.85	54.50%
Dec.				\$ 800.00	\$ 815.00	98.16%
	\$ 4,615.02		\$ 13,120.50	\$ 6,360.00		\$ 15,488.00

There were no employment contracts or board minutes to show that the Organization approved the payments to the pastor or the musicians, or that it approved the cell phone expense associated with the pastor. No documentation was provided to

confirm the payments to the musicians. As a result, it is not possible to determine if the amount of these expenses are correct or whether they represent a charitable use of the Organization's resources or that they do not represent some form a personal benefit.

In addition, the Organization did not prepare any T4 or T4A slips for the pastor or the musicians. Pursuant to Section 153(1) of the Act, every person paying a salary or wages or other remuneration shall deduct or withhold there from such amount as may be determined in accordance with prescribed rules and at such time as may be prescribed, remit that amount to the Receiver General of Canada. Regulation 200(1) further requires that the person prepare Information Returns such as T4's at the end of the year. Also, Regulation 200(2) of the Act requires that where an amount has been paid that is required to be included in determining a taxpayer's income from an office or employment, an information slip in respect of such payment shall be issued to that individual or contractor.

The Organization's Options:

a) No Response

You may choose not to respond. In that case, the Director General of the Charities Directorate may give notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

b) Response

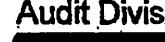
Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Organization, the Director General of the Charities Directorate will decide on the appropriate course of action, which may include:

- no compliance action necessary;
- the issuance of an educational letter;
- resolving these issues through the implementation of a Compliance Agreement; or
- giving notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

If you appoint a third party to represent you in this matter, please send us a written authorization naming the individual and explicitly authorizing that individual to discuss your file with us.

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,


Audit Division



Fax:

Address: 166 Frederick Street
Kitchener ON N2G4N1

Section 149.1: [Charities]

149.1(2) Revocation of registration of charitable organization

The Minister may, in the manner described in section 168, revoke the registration of a charitable organization for any reason described in subsection 168(1) or where the organization

- (a) carries on a business that is not a related business of that charity; or
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the organization's disbursement quota for that year.

149.1(3) Revocation of registration of public foundation

The Minister may, in the manner described in section 168, revoke the registration of a public foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on a business that is not a related business of that charity;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities; or
- (e) at any time within the 24 month period preceding the day on which notice is given to the foundation by the minister pursuant to subsection 168(1) and at a time when the foundation was a private foundation, took any action or failed to expend amounts such that the Minister was entitled, pursuant to subsection (4), to revoke its registration as a private foundation.

149.1(4) Revocation of registration of private foundation

The Minister may, in the manner described in section 168, revoke the registration of a private foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on any business;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation; or
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities.

149.1(4.1) Revocation of registration of registered charity

The Minister may, in the manner described in section 168, revoke the registration

(a) of a registered charity, if the registered charity has made a gift to another registered charity and it can reasonably be considered that one of the main purposes of making the gift was to unduly delay the expenditure of amounts on charitable activities;

(b) of the other charity referred to in paragraph (a), if it can reasonably be considered that, by accepting the gift, it acted in concert with the registered charity to which paragraph (a) applies; and

(c) of a registered charity, if a false statement, within the meaning assigned by subsection 163.2(1), was made in circumstances amounting to culpable conduct, within the meaning assigned by that subsection, in the furnishing of information for the purpose of obtaining registration of the charity.

Section 168: Notice of intention to revoke registration

168(1) Where a registered charity or a registered Canadian amateur athletic association

- (a) applies to the Minister in writing for revocation of its registration,
- (b) ceases to comply with the requirements of this Act for its registration as such,
- (c) fails to file an information return as and when required under this Act or a regulation,
- (d) issues a receipt for a gift or donation otherwise than in accordance with this Act and the regulations or that contains false information,
- (e) fails to comply with or contravenes any of sections 230 to 231.5, or
- (f) in the case of a registered Canadian amateur athletic association, accepts a gift or donation the granting of which was expressly or impliedly conditional on the association making a gift or donation to another person, club, society or association, the Minister may, by registered mail, give notice to the registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration.

168(2) Revocation of Registration

Where the Minister gives notice under subsection (1) to a registered charity or to a registered Canadian amateur athletic association,

- (a) if the charity or association has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing of the notice, publish a copy of the notice in the *Canada Gazette*, and
- (b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing of the notice, or after the expiration of such extended period from the day of mailing of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice in the *Canada Gazette*, and on that publication of a copy of the notice, the registration of the charity or association is revoked.

168(4) Objection to proposal or designation

A person that is or was registered as a registered charity or is an applicant for registration as a registered charity that objects to a notice under subsection (1) or any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) may, on or before the day that is 90 days after the day on which the notice was mailed, serve on the Minister a written notice of objection in the manner authorized by the Minister, setting out the reasons for the objection and all the relevant facts, and the provisions of subsections 165(1), (1.1) and (3) to (7) and sections 166, 166.1 and 166.2 apply, with any modifications that the circumstances require, as if the notice were a notice of assessment made under section 152.

Section 172: Appeal from refusal to register, revocation of registration, etc.

172(3) Appeal from refusal to register, revocation of registration, etc.

Where the Minister

- (a) refuses to register an applicant for registration as a Canadian amateur athletic association,
- (a.1) confirms a proposal, decision or designation in respect of which a notice was issued by the Minister to a person that is or was registered as a registered charity, or is an applicant for registration as a registered charity, under any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) and 168(1), or does not confirm or vacate that proposal, decision or designation within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal, decision or designation,
- (b) refuses to accept for registration for the purposes of this Act any retirement savings plan,
- (c) refuses to accept for registration for the purposes of this Act any profit sharing plan or revokes the registration of such a plan,
- (d) refuses to issue a certificate of exemption under subsection 212(14),
- (e) refuses to accept for registration for the purposes of this Act an education savings plan,
- (e.1) sends notice under subsection 146.1(12.1) to a promoter that the Minister proposes to revoke the registration of an education savings plan,
- (f) refuses to register for the purposes of this Act any pension plan or gives notice under subsection 147.1(11) to the administrator of a registered pension plan that the Minister proposes to revoke its registration,
- (f.1) refuses to accept an amendment to a registered pension plan, or
- (g) refuses to accept for registration for the purposes of this Act any retirement income fund, the applicant or the organization, foundation, association or registered charity, as the case may be, in a case described in paragraph (a) or (a.1), the applicant in a case described in paragraph (b), (d), (e) or (g), a trustee under the plan or an employer of employees who are beneficiaries under the plan, in a case described in paragraph (c), the promoter in a case described in paragraph (e.1), or the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the Federal Court of Appeal.

Section 180: Appeals to Federal Court of Appeal

180(1) Appeals to Federal Court of Appeal

An appeal to the Federal Court of Appeal pursuant to subsection 172(3) may be instituted by filing a notice of appeal in the Court within 30 days from

- (a) the day on which the Minister notifies a person under subsection 165(3) of the Minister's action in respect of a notice of objection filed under subsection 168(4),
- (b) the mailing of notice to a registered Canadian amateur athletic association under subsection 168(1),
- (c) the mailing of notice to the administrator of the registered pension plan under subsection 147.1(11),
- (c.1) the sending of a notice to a promoter of a registered education savings plan under subsection 146.1(12.1), or
- (c) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan was mailed, or otherwise communicated in writing, by the Minister to any person,

as the case may be, or within such further time as the Court of Appeal or a judge thereof may, either before or after the expiration of those 30 days, fix or allow.

Section 188: Revocation tax

188(1) Deemed year-end on notice of revocation

If on a particular day the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) or it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available,

- (a) the taxation year of the charity that would otherwise have included that day is deemed to end at the end of that day;
- (b) a new taxation year of the charity is deemed to begin immediately after that day; and
- (c) for the purpose of determining the charity's fiscal period after that day, the charity is deemed not to have established a fiscal period before that day.

188(1.1) Revocation tax

A charity referred to in subsection (1) is liable to a tax, for its taxation year that is deemed to have ended, equal to the amount determined by the formula

A – B

where

A is the total of all amounts, each of which is

- (a) the fair market value of a property of the charity at the end of that taxation year,
- (b) the amount of an appropriation (within the meaning assigned by subsection (2) in respect of a property transferred to another person in the 120-day period that ended at the end of that taxation year, or
- (d) the income of the charity for its winding-up period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 as if that period were a taxation year; and

B is the total of all amounts (other than the amount of an expenditure in respect of which a deduction has been made in computing income for the winding-up period under paragraph (c) of the description of A, each of which is

- (a) a debt of the charity that is outstanding at the end of that taxation year,
- (b) an expenditure made by the charity during the winding-up period on charitable activities carried on by it, or
- (c) an amount in respect of a property transferred by the charity during the winding-up period and not later than the latter of one year from the end of the taxation year and the day, if any, referred to in paragraph (1.2)(c) to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

188(1.2) Winding-up period

In this Part, the winding-up period of a charity is the period, that begins immediately after the day on which the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) (or, if earlier, immediately after the day on which it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available), and that ends on the day that is the latest of

- (a) the day, if any, on which the charity files a return under subsection 189(6.1) for the taxation year deemed by subsection (1) to have ended, but not later than the day on which the charity is required to file that return,
- (b) the day on which the Minister last issues a notice of assessment of tax payable under subsection (1.1) for that taxation year by the charity, and
- (c) if the charity has filed a notice of objection or appeal in respect of that assessment, the day on which the Minister may take a collection action under section 225.1 in respect of that tax payable.

188(1.3) Eligible donee

In this Part, an eligible donee in respect of a particular charity is a registered charity

- (a) of which more than 50% of the members of the board of directors or trustees of the registered charity deal at arm's length with each member of the board of directors or trustees of the particular charity;
- (b) that is not the subject of a suspension under subsection 188.2(1);
- (c) that has no unpaid liabilities under this Act or under the Excise Tax Act;
- (d) that has filed all information returns required by subsection 149.1(14); and
- (e) that is not the subject of a certificate under subsection 5(1) of the Charities Registration (Security Information) Act or, if it is the subject of such a certificate, the certificate has been determined under subsection 7(1) of that Act not to be reasonable.

188(2) Shared liability — revocation tax

A person who, after the time that is 120 days before the end of the taxation year of a charity that is deemed by subsection (1) to have ended, receives property from the charity, is jointly and severally, or solidarily, liable with the charity for the tax payable under subsection (1.1) by the charity for that taxation year for an amount not exceeding the total of all appropriations, each of which is the amount by which the fair market value of such a property at the time it was so received by the person exceeds the consideration given by the person in respect of the property.

188(2.1) Non-application of revocation tax

Subsections (1) and (1.1) do not apply to a charity in respect of a notice of intention to revoke given under any of subsections 149.1(2) to (4.1) and 168(1) if the Minister abandons the intention and so notifies the charity or if

- (a) within the one-year period that begins immediately after the taxation year of the charity otherwise deemed by subsection (1) to have ended, the Minister has registered the charity as a charitable organization, private foundation or public foundation; and
- (b) the charity has, before the time that the Minister has so registered the charity,
 - (i) paid all amounts, each of which is an amount for which the charity is liable under this Act (other than subsection (1.1)) or the Excise Tax Act in respect of taxes, penalties and interest, and
 - (ii) filed all information returns required by or under this Act to be filed on or before that time.

188(3) Transfer of property tax

Where, as a result of a transaction or series of transactions, property owned by a registered charity that is a charitable foundation and having a net value greater than 50% of the net asset amount of the charitable foundation immediately before the transaction or series of transactions, as the case may be, is transferred before the end of a taxation year, directly or indirectly, to one or more charitable organizations and it may reasonably be considered that the main purpose of the transfer is to effect a reduction in the disbursement quota of the foundation, the foundation shall pay a tax under this Part for the year equal to the amount by which 25% of the net value of that property determined as of the day of its transfer exceeds the total of all amounts each of which is its tax payable under this subsection for a preceding taxation year in respect of the transaction or series of transactions.

188(3.1) Non-application of subsection (3)

Subsection (3) does not apply to a transfer that is a gift to which subsection 188.1(11) applies.

188(4) Idem

Where property has been transferred to a charitable organization in circumstances described in subsection (3) and it may reasonably be considered that the organization acted in concert with a charitable foundation for the purpose of reducing the disbursement quota of the foundation, the organization is jointly and severally liable with the foundation for the tax imposed on the foundation by that subsection in an amount not exceeding the net value of the property.

188(5) Definitions

In this section,

“net asset amount”

“net asset amount” of a charitable foundation at any time means the amount determined by the formula

A - B

where

A is the fair market value at that time of all the property owned by the foundation at that time, and

B is the total of all amounts each of which is the amount of a debt owing by or any other obligation of the foundation at that time;

“net value”

“net value” of property owned by a charitable foundation, as of the day of its transfer, means the amount determined by the formula

A - B

where

A is the fair market value of the property on that day, and

B is the amount of any consideration given to the foundation for the transfer.

Section 189

189(6) Taxpayer to file return and pay tax

Every taxpayer who is liable to pay tax under this Part (except a charity that is liable to pay tax under section 188(1)) for a taxation year shall, on or before the day on or before which the taxpayer is, or would be if tax were payable by the taxpayer under Part I for the year, required to file a return of income or an information return under Part I for the year,

- (a) file with the Minister a return for the year in prescribed form and containing prescribed information, without notice or demand therefor;
- (b) estimate in the return the amount of tax payable by the taxpayer under this Part for the year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under this Part for the year.

189(6.1) Revoked charity to file returns

Every taxpayer who is liable to pay tax under subsection 188(1.1) for a taxation year shall, on or before the day that is one year from the end of the taxation year, and without notice or demand,

(a) file with the Minister

- (i) a return for the taxation year, in prescribed form and containing prescribed information, and
- (ii) both an information return and a public information return for the taxation year, each in the form prescribed for the purpose of subsection 149.1(14); and

(b) estimate in the return referred to in subparagraph (a)(i) the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year; and

(c) pay to the Receiver General the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year.

189 (6.2) Reduction of revocation tax liability

If the Minister has, during the one-year period beginning immediately after the end of a taxation year of a person, assessed the person in respect of the person's liability for tax under subsection 188(1.1) for that taxation year, has not after that period reassessed the tax liability of the person, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of

(a) the amount, if any, by which

- (i) the total of all amounts, each of which is an expenditure made by the charity, on charitable activities carried on by it, before the particular time and during the period (referred to in this subsection as the "post-assessment period") that begins immediately after a notice of the latest such assessment was mailed and ends at the end of the one-year period exceeds
- (ii) the income of the charity for the post-assessment period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 if that period were a taxation year, and

(b) all amounts, each of which is an amount, in respect of a property transferred by the charity before the particular time and during the post-assessment period to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

189(6.3) Reduction of liability for penalties

If the Minister has assessed a registered charity in respect of the charity's liability for penalties under section 188.1 for a taxation year, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of all amounts, each of which is an amount, in respect of a property transferred by the charity after the day on which the Minister first assessed that liability and before the particular time to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the total of

- (a) the consideration given by the person for the transfer, and
- (b) the part of the amount in respect of the transfer that has resulted in a reduction of an amount otherwise payable under subsection 188(1.1).

189 (7) Minister may assess

Without limiting the authority of the Minister to revoke the registration of a registered charity, the Minister may also at any time assess a taxpayer in respect of any amount that a taxpayer is liable to pay under this Part.

