

DOUBLE REGISTERED MAIL

Donelian Museum of Oriental Art  
233 Vance Drive  
Oakville, Ontario  
L6L 3K9

HAU 5608-3-6  
58076-14  
Tel. (613) 954-1193

Attention: Mr. John Donelian  
President

MAY - 8 1988

Dear Sir:

Re: Donelian Museum of Oriental Art

As result of the Department's investigation into the activities of the Donelian Museum of Oriental Art (the "Museum") and after careful considerations of the Museum's representations to the correspondence of July 31, 1987, and March 14, 1988, I conclude that the Museum has issued official donation receipts for amounts exceeding the fair market value of gifts to it, in contravention of subparagraph 3501(1)(h)(ii) of the Regulations to the Income Tax Act (the "Act"). I further conclude that the Museum has issued official donation receipts for gifts received in January 1987 with the official donation receipt being back dated to December 31, 1986, in contravention of subparagraph 3501(1)(e.1)(i) of the Regulations to the Act.

Paragraph 168(1)(d) of the Act provides that Minister may issue a notice of intention to revoke the registration of a registered charity where the charity issues an official donation receipt that contains false information.

Since the Museum has failed to comply with subparagraphs 3501(1)(h)(ii) and 3501(1)(e.1)(i) of the Regulations to the Act the Minister of National Revenue may, pursuant to paragraph 168(1)(d) of the Act notify the Museum of his intention to revoke the registration of the Museum as a registered charity.

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Accordingly, I wish to advise you that for the reasons outlined above and pursuant to the authority granted to the Minister in subsection 168(1) of the Act and delegated to me in subsection 900(7) of the Regulations to the Act, I propose to revoke the registration of the Donelian Museum of Oriental Art. By virtue of subsection 168(2) of the Act, the revocation will be effective on the date of publication in the Canada Gazette where the following notice will be found:

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

0580761-50-14      Donelian Museum of Oriental Art  
                            Oakville, Ontario"

Should you wish to appeal this notice of intention to revoke the Museum's registration in accordance with subsections 172(3) and 180(1) of the Act, you are advised to file a notice of appeal with the Federal Court of Appeal within 30 days from the date of receipt of this letter.

For your reference, I have attached a copy of subsection 172(3) and subsection 180(1) of the Act, and advise that the address of the Federal Court of Appeal is:

Supreme Court Building  
Wellington Street  
Ottawa, Ontario  
K1A 0H9

As of the date of revocation of the registered status of the Museum (the date upon which the above-noted notice is published in the Canada Gazette), it will no longer be exempt from Part I Tax as a registered charity and will no longer be permitted to issue official donation receipts. Additionally, the Museum may be subject to tax exigible pursuant to Part V, section 188 of the Act. I refer you to Information Circular No. 80-10R, "Registered Charities: Operating a Registered Charity", copy attached, and draw your attention to Appendices C and D thereof which describe the provisions of the Act concerning the

revocation of the registration of registered charities, the tax applicable to revoked charities and the appeal provisions from the Minister's notice of intention to revoke a charity's registered status.

I wish to advise you that unless the Museum qualifies as a non-profit organization pursuant to paragraph 149(1)(L) of the Act, should the Museum earn any income subsequent to the revocation of its registered status, a Corporation Income Tax Return (Form T2) must be filed as required pursuant to paragraph 150(1)(a) of the Act.

Yours sincerely,

G.R. Mohr  
Director General  
Registration Directorate

Enclosures

HdG/cd COR.T 23-23.2

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