REGISTERED MAIL

Empowering Youth
751 Sheppard Avenue
Pickering ON L1V 1G4

BN: 87485 6602

Attention: David Stolfi

File #: 3024784

July 12, 2011

Subject: **Revocation of Registration**
Empowering Youth

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of Empowering Youth (the Organization) was published in the *Canada Gazette* on July 9, 2011. 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 formT-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.: David Stolfi
[redacted]

David Noganosh
[redacted]

MAY 27 2011

REGISTERED MAIL

Empowering Youth
751 Sheppard Ave,
Pickering, ON L1V 1G4

BN: 87485 6602 RR0001
File # : 3024784

Attn: David Stolfi

Subject: Notice of Intention to Revoke Empowering Youth

Dear Mr. Stolfi:

I am writing further to our letter dated February 4, 2010 (copy enclosed), in which you were invited to submit representations as to why the registration of Empowering Youth (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

The Canada Revenue Agency's (CRA) audit has revealed that Empowering Youth (the Organization) was not complying with the requirements set out in the *Income Tax Act*. It was found that the Organization provided donation receipts for amounts that were not gifts, failed to maintain proper books and records, provided improper benefits to a director, and could not substantiate that it had devoted all of its resources to charitable purposes and activities. With respect to the donation receipts, the Organization issued receipts for an amount representing 300% of the value of the actual donation. For each of these reasons and other concerns identified during the course of the audit, it is the CRA's view that the Organization no longer meets the requirements necessary for charitable registration.

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

Consequently, for each of the reasons mentioned in our letter dated February 4, 2010, 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*:

Notice is hereby given, pursuant to paragraphs 168(1)(b), 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	**Name**
874856602RR0001	Empowering Youth Pickering 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

A copy of the revocation notice, described above, will be published in the *Canada Gazette* after the expiration of 30 days from the date this letter was mailed. The Organization's registration will be revoked on the date of publication, unless the Canada Revenue Agency (CRA) receives an order, **within the next 30 days**, from the Federal Court of Appeal issued under paragraph 168(2)(b) of the Act extending that period.

Please note that the Organization must obtain a stay to suspend the revocation process, notwithstanding the fact that it may have filed a Notice of Objection.

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 February 4, 2010
- Appendix "A", Relevant provisions of the *Act*

c.c.: David Noganosh
[redacted]

REGISTERED MAIL

Empowering Youth
751 Sheppard Ave,
Pickering, ON L1V 1G4

Attn: David Stolfi

BN: 874856602RR0001
File # 30247824

February 4, 2010

Subject: Audit of Empowering Youth

Dear Mr. Stolfi:

This letter is further to the audit of the books and records of Empowering Youth (the Organization) by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization from January 1, 2006 to December 31, 2008.

At our meeting of October 7, 2009, you were advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* (the ITA) and/or its *Regulations*. The specific areas of non-compliance identified are:

AREAS OF NON-COMPLIANCE:		
	Issue	**Reference**
1.	Issuing Receipts Not in Accordance with the ITA	118.1, 149.1(2), 168(1)(d)
2.	Failure to Devote Resources to Charitable Activities	149.1(2), 168(1)(b)
3.	Personal Benefit	149.1(1)(b)
4.	Failure to Accept Valid Gifts in Accordance with the ITA	118.1
5.	Failure to Meet its Disbursement Quota	149.1(2)
6.	Failure to Maintain Adequate Books and Records	149.1(2), 168(1)(e), 230(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. In order for a registered charity to retain its registration, legislative and common law compliance is mandatory, absent which the Minister of National Revenue (the Minister) may apply penalties and/or suspensions provided for in subsections 188.1 and/or 188.2 of the Act. The Minister may also 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.

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

Identified Areas of Non-Compliance:

1. Issuing Receipts not in Accordance with the ITA:

The law provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulations 3500 and 3501 of the Act and are described in some detail in Interpretation Bulletin IT-110R3 *Gifts and Official Donation Receipts*.

The audit reveals that the donation receipts issued by the Organization do not comply with the requirements of Regulation 3501 of the ITA and IT-110R3 as follows:

- Donation receipts issued without receiving "gifts" as a result of the Organization's "donation scam" were not valid gifts and donations under section 118.1 of the ITA. Under the *Income Tax Act*, a registered charity can issue official donation receipts for income tax purposes for donations that legally qualify as gifts.
- All donation receipts issued by the Organization were inflated by 300 % of the gift amount the recipients were asked to donate. The amount of Official donation receipts should not exceed the fair market value of the gift received (IT-10R3 Paragraph 15(e)).
- Donation receipts were sold on credit and the recipients were obligated to pay 1/3rd of the receipted amount after a few months. These were not valid gifts under section 118.1 of the ITA.
- The dates or the year during which the donations were received were not shown on the donation receipt (Regulation 3501 (1)(e)).
- Donation receipts failed to show the advantage provided to the donor, the total amount received, value of the advantage (cash or FMV) and eligible amount of the gift for tax purposes (IT-10R3 Paragraph 15(e) and Regulation 3501 (1)(h)).
- The Organization must retain at least one duplicate copy of the official income tax receipt (paper or electronic). From available books and records it appears that there are some missing receipts. Charities are expected to guard against the unauthorized use, loss or theft of official donation receipts. In the event of lost or stolen receipts, the charity should notify the Charities Directorate.

For the sample donation receipt discussed above, the donation receipt # 06/07 was issued to [redacted] on December 11, 2007 for $18,000 without receiving any gift from [redacted]. On April 21, 2008, the Organization received and deposited into its bank account $6,000 from [redacted] as full and final settlement for the $18,000 donation receipt issued on December 11, 2007.

We note that the Organization's complete abdication of its responsibility for the issuance of receipts, in addition to selling the receipts on credit and inflating the donation receipts by 300 %, is in breach of IT-10R3 Paragraph 15(e) and Regulation 3501 (1)(h) of the ITA. This in and of itself is grounds for the revocation of the Charity's status.

Additionally, we would like to inform you that certain amendments to the ITA were introduced as part of Bill C-33 tabled in Parliament on March 23, 2004, that came into force May 13, 2005. As part of the amendments, a registered charity that issues an official donation receipt that includes incorrect information is liable to a penalty equal to 5% of the eligible amount stated on the receipt. This penalty increases to 10% for a repeat infraction within 5 years.

A registered charity that issues an official donation receipt that includes false information is liable to a penalty equal to 125% of the eligible amount stated on the receipt, where the total does not exceed $25,000. Where the total exceeds $25,000, the charity is liable to a penalty equal to 125% and the suspension of tax-receipting privileges. We do not believe that this is an appropriate alternative, given the serious nature of the matter of non-compliance.

Under paragraphs 168(1)(d) of the ITA, the Minister may, by registered mail, give notice to the registered charity that the Minister proposes to revoke its registration if it issues a receipt otherwise than in accordance with the ITA and the Regulations. It is our position the Organization issued receipts for transactions that do not qualify as gifts at law. For this reason alone there are grounds for revocation of the charitable status of Empowering Youth under paragraph 168(1)(d) of the ITA.

2. Failure to Devote Resources to Charitable Activities:

As per 149.1(1) of the ITA, registered charities are required to devote their resources to activities in furtherance of the purposes for which they were registered.

The purpose for which the Organization at the time of registration was to provide psycho-social counseling and case management services to youth 12-16 years of age who have come into contact with the criminal justice system in Toronto.

During the course of the audit, the Organization was unable to provide any supporting documents for any charitable activities conducted since its registration. It was evident that none of its resources were devoted to charitable activities or in furtherance of the purposes for which the Organization was registered.

The ITA requires a charity to devote all its resources to charitable activities carried on by the charity itself. As confirmed by the courts, this means a charity must control all activities carried out on its behalf, and not act as a passive funding body for any other organization or individual that is not a qualified donee.

Under paragraph 168(1)(b) of the ITA, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it did not comply with the requirements of the ITA for its registration as such. It is our position Empowering Youth has failed to comply with and has contravened section 149.1(1) of the ITA. For this reason, it appears to us there may be grounds for revocation of the charitable status of Empowering Youth.

3) Personal Benefit:

Paragraph 149.1(1)(b) of the ITA stipulates that no part of a charity's income is payable or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or

settler thereof. The CRA considers the meaning of the term "trustee", for registered charity purposes, to include those persons who stand in a fiduciary relationship to the charity, having general control and management of the administration of a charity, including directors of corporations established for charitable purposes. This is, essentially, a rule against self-dealing, reflecting the general rule of equity that a trustee must not profit out of his position of trust, nor must he place himself in a position where his duties as a trustee conflict with his own interests. It is also a statutory embodiment of the common law test that individuals with ties to a charity should not profit from their association with the charity. The Charity's Constitution, Article 111(6) also state "*The executive or directing officers, leadership team member(s) or leader(s) shall not be paid a salary but are entitled to expenses provided they have been pre approved by the majority of the executive or directing officers.*"

During the course of the audit, the Organization was unable to provide any supporting documents for any charitable activities and expenses incurred by the Organization during the audit period. It is evident that none of its resources were devoted to charitable activities or in furtherance of the purposes for which the Organization was registered. It is our view that the funds were raised and used personally as there is no indication that any charitable activities were done. Accordingly, an undue benefit of $147,000 was conferred upon you during the audit period from January 1, 2006 to December 31, 2008 as follows:

2006 Revenue	$30,000
2007 Revenue	$66,000
2008 Revenue	$51,000
Total benefit	$147,000

It is our view, that by failing to provide supporting documents for its charitable activities and expenditures incurred since its registration, the Organization has failed to demonstrate that it meets the test for continued registration under 149.1(1) as a charitable organization that "no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof". For this reason, it appears to us that there are grounds for revocation of the charitable status of Empowering Youth.

4. Failure to Accept Valid Gifts in Accordance with the ITA:

It is our position that the Organization has contravened the *Income Tax Act* by accepting and issuing receipts for transactions that do not qualify as gifts. We offer the following explanations to support our position.

a) No *Animus Donandi*

Under the common law, a gift is a voluntary transfer of property without consideration. However, an additional essential element of a gift is *animus donandi* - that the donor must be motivated by an intention to give. It must be clear that the donor intends to enrich the donee, by giving away property, and to generally grow poorer as a result of making the gift.

It is our view that the transactions involving the Organization fail to meet this latter element. The common theme, found throughout all of these transactions, is that through an artificial series of transactions "donors" profit through the donation tax credits so obtained. It is

clear that the primary motivation of the donors is intent to profit, and, as such, these transactions fail to qualify as gifts at law. Participants in these arrangements are merely expected to pay 1/3rd of the total tax receipted amount from the Organization after their personal tax return has been assessed by CRA.

As such, it is our position that there is no intention to make a "gift" within the meaning assigned at 118.1 of the ITA. Participants in these donation arrangements are primarily motivated by the desire to profit from the artificial manipulation of the tax incentives available from donations rather than a desire to enrich the participating charity. In our view, these transactions, given the combination of the tax credits and other benefits received, lack the requisite *animus donandi* to be considered gifts.

b) Transfers not gifts - Benefit received

Additionally, we are of the opinion that the donation transactions themselves lack the necessary elements to be considered gifts at law. The "donors" received donation receipts or benefit without making the gifts. It is clear, based upon our conversation and books and records that recipients of the donation receipts had a clear expectation of return and benefit for their promise to pay 1/3rd of the receipted amount after they receive their tax refunds.

In our findings, it is clear that the Organization issued donation receipts without receiving "gifts". The Organization was not entitled to issue official donation receipts to a potential donor. Again, donation receipts issued were for 300 % of the agreed amount of donation. The Organization knew, or ought to have known, that it was not entitled to issue donation receipt without receiving donations. In our view, given that the Organization is responsible for the issuance of improper tax receipts, this represents an extremely serious abuse of the Charity's tax receipting privileges.

c) Property Transferred

We are greatly concerned that the "gifts" the Organization received were only 1/3rd of the total tax receipted amount. The Organization at no time is entitled to issue receipts for an amount more than the fair market value of the property donated to it. Based on the books and records of the Organization, it issued official donation receipts for 300 % of the amount received from the donor. For this reason, it appears to us that there are grounds for revocation of the charitable status of Empowering Youth under paragraph 168(1)(d) of the ITA.

5. Failure to Meet its Disbursement Quota:

The Organization was unable to provide any supporting documents of any charitable activities and expenses incurred by the Organization during the audit period. It was evident that none of its resources were devoted to charitable activities or in furtherance of the purposes for which the Organization was registered.

In our view the expense transactions fail to qualify either as gifts to a qualified donee for income tax purposes, nor are they expenditures by the Organization on its charitable activities. It is our view, therefore, that the Organization is not spending sufficient funds towards its disbursement quota.

6. Failure to Maintain Adequate Books and Records:

The ITA, per subsection 230(2), requires that every registered charity shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing:

- Information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under the Act;
- A duplicate of each receipt containing prescribed information for a donation received by it; and

Other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under the ITA.

In addition, subsection 230(4) also states "every person required by this section to keep books of account shall retain:

a) The records and books of account referred to in this section in respect of which a period is prescribed, together with every account and voucher necessary to verify the information contained therein, for such period as is prescribed; and

b) All other records and books of account referred to in this section, together with every account and voucher necessary to verify the information contained therein, until the expiration of six years from the date of the last taxation year to which the records and books relate".

The audit indicated the books and records kept by the Organization were inadequate for the purposes of the ITA. In the course of the audit, the Organization was unable to provide documents listed on CRA audit queries dated October 6, 2009. Refer to the listing in Appendix "A" attached.

Refer to Appendix "B" attached for the reply received from the Organization in response to the CRA audit queries dated October 6, 2009.

Under paragraphs 168(1)(d) of the ITA, the Minister may, by registered mail, give notice to the registered charity that the Minister proposes to revoke its registration if it issues a receipt otherwise than in accordance with the ITA and the Regulations. It is our position the Organization issued receipts for transactions that do not qualify as gifts at law. For this reason alone there are grounds for revocation of the charitable status of Empowering Youth under paragraph 168(1)(d) of the ITA.

<u>The Organization's Options</u>:

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.

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,

Tony P. Thomas
Verification and Enforcement Division
Kitchener Tax Services Office

Telephone: *519 - 896-3706*
Facsimile: *519 - 585-2803*

Address: 166 Frederick Street
Kitchener, ON N2G 4N1

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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.