Canada Revenue Agency | Agence du revenu du Canada

REGISTERED MAIL

Physicians for Global Survival (Canada)/Association
des Médecins pour La Survie Mondiale (Canada)
145 Spruce Street, Suite 208
Ottawa ON K1R 6P1

BN: 107842684

Attention: Dr. Dale Dewar

File #: 0585554

July 24, 2012

Subject: **Revocation of Registration**
Physicians for Global Survival (Canada)/Association des Médecins pour la Survie Mondiale (Canada)

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of Physicians for Global Survival (Canada)/Association des Médecins pour la Survie Mondiale (Canada) (the Organization) was published in the *Canada Gazette* on July 24, 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 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.: Mr. Arthur B.C. Drache

Canada Revenue Agency | Agence du revenu du Canada

REGISTERED MAIL

November 10, 2008

Physicians for Global Survival (Canada)/Association des
Medecins Pour La Survie Mondiale (Canada)
145 Spruce Street, Suite 208
Ottawa, Ontario
K1R 6 P1
Attention: Executive Director

Our file / Notre référence
BN 107842684 RR0001
File #: 0585554

Dear Executive Director:

Re: **Registered Charity Audit**

This letter is further to an audit of the books and records of the Physicians for Global Survival (the "Charity") for the period from January 1, 2004 to December 31, 2005.

The results of this audit indicate that the Charity is in contravention of certain provisions of the Income Tax Act (the *"Act"*), as follows:

AREAS OF NON-COMPLIANCE:		
	Issue	**Reference**
1.	Not constituted and operated for exclusively charitable purposes and does not devote all of its resources to charitable activities	149.1(2), 149.1(6.2), 168(1)(b)

The purpose of this letter is to describe the areas of non-compliance identified by the Canada Revenue Agency during the course of the audit as they relate to the legislative and common law requirements applicable to registered charities, and to provide the Charity with the opportunity to address our concerns. 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 revoke the Charity's registration in the manner described in section 168 of the *ITA*.

A more detailed analysis of this matter follows.

Canada

Charitable Purposes and Activities

In order for an organization to be recognized as a charity, it must be constituted and operated exclusively for charitable purposes, and it must devote all of its resources to charitable activities. The term "charitable" is not defined in the *Act* and it is therefore necessary to rely on the jurisprudence in the Common Law. The Courts have recognized four general categories of charitable purposes: (1) the relief of poverty; (2) the advancement of religion (3) the advancement of education; (4) other purposes beneficial to the community as a whole (or a sufficient section thereof) in a way that the law regards as charitable. This last category merely identifies an additional group of purposes that have been held charitable at law rather than qualifying any and all purposes that provide a public benefit as charitable.

In the Supreme Court decision of *Vancouver Society of Immigrant and Visible Minority Women v. M.N.R. [1999] 1 s.c.r. 10*, Iacobucci J. speaking for the majority, summarized the requirements for charitable registration at paragraph 159, as follows:

> In conclusion, on the basis of the Canadian jurisprudence, the requirements for registration under s. 248(1) come down to two:
> (1) the purposes of the organization must be charitable, and must define the scope of the activities engaged in by the organization; and
> (2) all of the organization's resources must be devoted to these activities unless the organization falls within the specific exemptions of s. 149.1(6.1) or (6.2)

Collateral and Political Purposes and Activities

For this discussion, please refer to Canada Revenue Agency's Policy Statement CPS-022 entitled "Political Activities".

A registered charity may not be established for a political purpose. Political purposes have been identified at article 4 and Appendix 1 of the policy statement to include those that seek to: further the interest of a particular political party; support a political party or candidate for public office; or retain, oppose, or change the law, policy, or decision of any level of government in Canada or a foreign country.

Article 5 of the policy statement discusses "unstated purposes", in the context of collateral political purposes, non-charitable purposes, and charitable purposes. In other

words, even though a charity's purposes may be worded in a charitable manner its dedication to an activity that seems outside the parameter of its purposes may lead us to conclude that it is pursuing an unstated purpose. Please see *Human Life International In Canada v. M.N.R.* [1998] 3 F.C. 202 (F.C.A.); and *Alliance for Life v. M.N.R.* [1999] 3 F.C.R.

A registered charity may engage in ancillary and incidental non-partisan political activities that are connected and subordinate to its charitable activities. As noted in article 6.2 of the Policy Statement, we presume a charity to have engaged in a political activity if it explicitly communicates for the purpose of retaining, opposing, or changing the law, policy or decision of any level of government. When a charity takes part in political activities, the ITA requires that substantially all (90%) of its resources must be devoted to charitable activities. Resources include the total of a charity's financial assets, as well as everything it can use to further its purposes, such as its staff, volunteers, directors, and its premises and equipment. In other words, a charity may devote no more than 10% of its total resources, on an aggregate basis, toward non-partisan political activities. Article 9 of the Policy Statement provides for a further concession, wherein the Canada Revenue Agency has allowed for increased levels of devotion of resources to non-partisan political activities based on an organization's annual income.

Our Opinion on the ~~Charity~~'s Purposes and Activities

It would seem that in considering whether the ~~Charity~~ satisfies the requirements for registration, an assessment must be made under 1) the advancement of education; and 2) other purposes beneficial to the community as a whole (or a sufficient segment thereof) in a way that the law regards as charitable. For that purpose, we first provide a brief overview of these heads of charity.

Advancement of Education

To advance education in the charitable sense means:

- training the mind;
- advancing the knowledge or abilities of the recipient;
- raising the artistic taste of the community; or
- improving a useful branch of human knowledge through research.

A charity whose objects include the advancement of education must take care not to disregard the boundary between education and propaganda. To be considered charitable, an educational activity must be reasonably objective and based on a well-reasoned

position. This means a position that is based on factual information that is methodically, objectively, fully, and fairly analyzed. In addition, a well-reasoned position should present (i.e., address) serious arguments and relevant facts to the contrary.

The degree of bias in an activity will determine if it can still be considered educational. The materials of some organizations may have such a slant or predetermination that we can no longer reasonably consider them as educational.

Also, to be educational in the charitable sense, organizations must not rely on incomplete information or on an appeal to emotions. Even in a classroom setting, promoting a particular point of view may not be educational in the charitable sense. As a result, courses, workshops and conferences may not be charitable if they ultimately seek to create a climate of opinion or to advocate a particular cause.

Other Purposes Beneficial to the Community

This heading of charitable purposes addresses those purposes that do not fall neatly within the first three heads of charity. To be recognized as charitable, the purpose must have been so established by the courts, or it must be charitable by analogy to case law.

The Charity's Purposes

The Charity was incorporated in 1980 under the name Physicians for Social Responsibility, Inc. (subsequently changing its name to Canadian Physicians for the Prevention of Nuclear War and then to its present name) with the following purposes:

(a) "To provide the medical community and the general public with educational informative data concerning the medical implications of all phases of advanced and nuclear technology.
(b) To establish an educational forum with respect to public health and the evolution of technologies where physicians can exercise their responsibility to educate and inform their peers and public.
(c) To engage in scientific research and, without limiting the generality of the foregoing, to study primarily advanced and nuclear technology."

The Charity adopted three additional purposes, but in effect these provisions are enabling or power clauses in context with the stated objectives.

It is our view that the Charity is not established for exclusively charitable purposes as the advancement of education or as a fourth head purpose.

Overall, it is our view that the Charity's objectives do not in themselves identify why it undertakes the "activity" described under each of the articles. The objectives speak more to providing a program/activity without specifically identifying why such a program/activity is being undertaken.

We do, however, wish to discuss what would appear to be the primary subject matter of the purposes (i.e. "advanced and nuclear technology").

We find that the term "advanced ... technology" is rather vague in nature, and it is uncertain what the Charity is referring to.

The definition of "nuclear technology" is stated in *Wikipedia* as: "technology that involves the reaction of atomic nuclei". *Wikipedia* identifies a number of examples of this technology: nuclear power; medical applications (imaging); industrial applications (oil and gas exploration; and road construction); commercial applications (smoke detector); and, food processing and agriculture (food irradiation).

It is uncertain if the Charity intended to address virtually all forms of nuclear technology, or whether the application would be more limited. Given our audit findings it would seem that the primary focus was and continues to be on "nuclear power".

It is our view that ultimately, the Charity exists, at least in large part, to pursue an unstated purpose, and that overall purpose would seem to be the "promotion of nuclear disarmament". We suggest that the Charity's focus on the issue "nuclear power" is more so in context with the production and use of nuclear weapons, with the inherent goal being to promote nuclear disarmament. **It is our view that such a purpose is not charitable as the advancement of education or under the fourth head of charitable purposes, or otherwise. And such a purpose could be seen to be inherently political, as it is more closely aligned with "retaining, opposing, or changing the law, policy, or decision of any level of government in Canada or a foreign country".**

<u>The Charity's Activities</u>

The Charity has not shown that it devotes all of its resources to charitable activities. While we do acknowledge that there is a degree of charitable activities undertaken, one must devote "all" of its resources to charitable activities. A charity that undertakes a blend of charitable and non-charitable activities could not be seen to be charitable.

It would seem that the Charity's primary activities surround the issue of promoting nuclear disarmament. The Charity has not shown these activities to be charitable. A more detailed report on the activities associated with this goal is presented in Appendix "A".

It is also our view that the Charity has not shown that it satisfies the requirements of subsection 149.1(6.2) of the Act. First, the Charity has not shown that it devotes substantially all of its resources to charitable activities carried on by it. Notwithstanding that the Charity has not shown that it satisfies the first part of the test, it is also our view that the Charity has not shown that it could satisfy the provisions set out in articles (a) and (b).

Other

Note that we have otherwise considered the Charity's Mission Statement, which reads as follows:

"Because of our concern for global health, we are committed to the abolition of nuclear weapons, the prevention of war, the promotion of nonviolent means of conflict resolution and social justice in a sustainable world."

Flowing from this mission statement is the Charity's "Working Principles", which include:

- Elimination of Nuclear Weapons
- To Promote the Prevention of War
- To Promote Nonviolent Means to Resolve Conflict
- To Work towards Social Justice
- To Develop a More Sustainable World

First, it is our view that not all of the topics included in the mission statement and the working principles would seem to fit within the parameters of the corporate objectives listed above. The authority to pursue these mandates has not been established.

Further, it is our view that the Charity has not shown that the realm of activities that it undertakes in furtherance of the mission statement and the working principles are exclusively charitable.

While we do appreciate that goals such as the "promotion of peace" (avoiding a state of war) and its association with promoting non-violent means to resolve conflict might be charitable, we suggest that the Charity has not shown that its promotion of certain ideals or views and related activities to promote such is charitable.

For example, under the promotion of non-violent means to resolve conflict, the Charity presents an opposition to or support for actions: opposing the misuse and proliferation of small arms; calling for the elimination of all weapons that are indiscriminate with respect to civilian populations and leave long-lasting environmental degradation; supporting "economic conversion" of armaments industries; and discouraging media violence and war toys. The Charity has not shown that all of its actions in the area of promoting non-violent means to resolve conflict would be considered charitable. We acknowledge, however, that there may be some components that could be considered charitable (e.g. under "Peaceful Childhoods" - the "Fostering Peace in our Homes" program).

In the area of social justice the Charity presents a position that "Equitable sharing of resources is an essential part of working for peace." The Charity also promotes "Socially Responsible Investment", which presents opposition to investment support for arms manufacturers and arms dealers. Its website includes a number of articles, one of which is "Final Talks on Cluster Munition Ban Treaty" – calling for rejection of any attempt to weaken the treaty. We fail to understand how these sorts of ideals/actions are charitable as promoting social justice or otherwise. The Charity has not shown that all of its actions would be considered charitable.

In the area of developing a more sustainable world, there are calls for complete abandonment of nuclear energy; and opposition is made to military economies. These actions seem more geared to an anti-nuclear campaign, and the Charity has not established them to be charitable.

It is our view that the Charity has not shown that its mandates and programs in context with its mission statement and its working principles are exclusively charitable.

Summary

The Charity is not constituted and operated for exclusively charitable purposes and it does not devote all of its resources to charitable activities.

The Charity'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 Charity by issuing a Notice of Intention in the manner described in subsection 168(1) of the ITA.

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 Charity, 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
- the Minister giving notice of its intention to revoke the registration of the Charity by issuing a Notice of Intention in the manner described in subsection 168(1) of the ITA.

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 truly,

[redacted]

[redacted]
Verification and Enforcement Division

Tax Services Office: 11 - Kingston

Telephone: [redacted]
Facsimile: [redacted]
Address: *Kingston TSO, P.O. 2600, 31 Hyperion Court*
Kingston, ON K7L 5P3
Internet: *www.cra.gc.ca*

Canada Revenue Agency | Agence du revenu du Canada

REGISTERED MAIL

Physicians for Global Survival (Canada)/Association
des Médecins pour La Survie Mondiale (Canada)
145 Spruce Street, Suite 208
Ottawa ON K1R 6P1

FEB 22 2011

BN: 107842684RR0001
File #: 0585554

Attention: Dr. Dale Dewar

Subject: **Notice of Intention to Revoke**
Physicians for Global Survival (Canada)/Association des Médecins pour la Survie Mondiale (Canada)

Dear Dr. Dewar:

I am writing further to our letter dated November 10, 2008, in which you were invited to submit representations as to why the Physicians for Global Survival (Canada)/Association des Médecins pour la Survie Mondiale (Canada) (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

We have now reviewed and considered your written response dated March 27, 2009. However, notwithstanding your reply, our concerns with respect to the Organization's purposes and activities have not been alleviated. These matters and a consideration of the Organization's responses to those concerns are addressed below.

Charitable Purposes and Activities

Per our letter of November 10, 2008, we stated that the Organization was not established for exclusively charitable purposes and that it existed in part for the "promotion of nuclear disarmament", which we considered to be an unstated collateral political purpose. We advised the Organization, that in our view, such a purpose was not charitable under the advancement of education or under other purposes beneficial to the community deemed by law to be charitable. Further, we stated that such a purpose could be seen to be inherently political, as it was more closely aligned with "retaining, opposing, or changing the law, policy, or decision of any level of government in Canada or a foreign country".[1]

In your representations, you suggest that we merely viewed the Organization's formal objects as non-charitable and that we concluded "the organization *never* qualified as a charity." [2] You further contend that the activities of the Organization remain unchanged since registration, and that the Canada Revenue Agency (CRA) accepted subsequent amendments to the objects of the Organization. You expressed concern that we had previously accepted the Organization as charitable and that our opinion had now changed.

1 Our letter of November 10, 2008, pg. 5
2 Your letter of March 27, 2009, pg. 2

We respectfully disagree with the above statement. We contend that the objects of the Organization, as stand alone statements *could* be acceptable, but are worded in broad terms, allowing the Organization to possibly carry out non charitable activities. In such cases, we are obliged to look at the activities of the Organization to make a clear determination as to their charitable nature. In cases where proposed activities are not charitable, the CRA will advise the Organization of such and place the onus on the Organization to operate within those activities that are, in fact, charitable and aligned with the Organization's stated charitable objects. In fact, prior to the Organization obtaining registration, the CRA expressed its concerns with respect to the lack of clarity surrounding the Organization's purposes. This concern led the CRA to seek clarification regarding the precise scope and nature of the Organization's planned activities. The Organization provided additional program detail and an assurance that it would not engage in political activities beyond those allowed under the Act, and, on this basis, was registered. However, the current audit revealed to the CRA that the Organization did not carry out all its activities in accordance to those described during the registration process.

The test for continued registration is that one devotes "all" of its resources to charitable activities. Our audit findings provided a basis in which we could determine the extent to which the Organization engaged in collateral political purposes. Our November 10, 2008 letter expressed our concerns that the Organization had a number of activities that promoted a particular point of view; that being nuclear disarmament and that it had not shown how these activities were charitable. We also expressed our view that the Organization had not shown that it devoted substantially all of its resources on charitable activities. Our concern was based on an overall review of the Organization's activities and expenses, including, but not limited to a review of articles from a number of the Organizations quarterly publications, public service announcements, staff presentations, mail outs, as well as affiliations to other organizations. For example, our representation referred to the Organization's involvement with / in the "Canadian Campaign to Oppose Missile Defence". Our audit revealed that the Organization devoted approximately $31,000 in gifts and expenses to this activity. Our representation also referred to the Organization's affiliation to the group; International Physicians for the Prevention of Nuclear War, a non-qualified donee. Our audit revealed that the Organization devoted approximately $78,900 as gifts and expenses to this non-qualified donee. We would point out that the group, International Physicians for the Prevention of Nuclear War, has similar non-charitable political activities as the Organization, which is the prevention of nuclear war and the abolition of nuclear weapons. Further, the Organization also spent $7,180 on public service announcements and $10,281 on its newsletters. We would point out that, these expenditures alone, not including staff wages associated with the above activities accounted for approximately 26% of the Organization's total expenditures for 2004. This is well above the allowable limits set out in the Act for political activities. We would also like to point out that gifting to a non-qualified donee is a contravention of the Act and is a reason alone for revocation.

Furthermore, a recent review of the Organization's publications and Web site, the very same resources reviewed during the audit, revealed that much of the Organization's activities and literature continues to be focused on nuclear disarmament and remains politically oriented. For example, the Organization's website states that "The primary focus of our

organization since its inception has been on the complete disarmament of nuclear weapons which could destroy civilization in a few hours. This remains our most urgent task."

Furthermore, the Organization's Web site, under the heading "Get Involved" encourages readers to *urge* the Prime Minister, political party leaders and MP's to support a new international treaty banning nuclear weapons by way of a letter writing campaign. As well, the Organization's publication "Turning Point" continues to contain explicit calls for action which we would consider political. As an example, in the Spring 2010 edition of "Turning Point", the public is encouraged to become involved in the "5000 Letters Project", an initiative to bring the subject matter of the Nuclear Weapons Convention to "otherwise reluctant MPs and high level diplomats".

The Organization's representation failed to address our concerns in this regard. Further, the Organization did not provide any additional evidence to support or contradict our audit findings. Rather, the Organization simply asserted that had a proper audit been carried out we would have made a determination that the Organization's expenditures on political activities would have fallen within acceptable limits. We respectfully disagree with this statement and will address this concern further, below.

Audit Scope

In your representation of March 27, 2009, the Organization states that several of the documents used to support our position were from dates beyond the scope of the audit and it was improper of the CRA to reference them unless we were prepared to do a new audit. Your letter also expressed concern that a document received from us (the audit plan), dated April 10, 2006, dealing with the parameters of the examination, had referenced our letter of November 10, 2008. Your letter indicated that these two facts led "us to the inevitable conclusion that there are substantial problems with the audit and that *prima facie* documents you provided were improperly complied.[3]"

We wish to advise that any documents distributed by us and considered by the Organization outside the realm of the audit period were identified as such in our previous correspondence. The documents were referenced during the audit period, and support the Organization's ongoing collateral political activities. Further, we would like to point out that the documentation pertaining to the parameters of the examination were contained within the auditor's audit plan. The audit plan, which you referenced above, dated April 10, 2006, is a living document and is continuously updated as the audit progresses and therefore may reference materials identified or provided after the date the document was initiated. Therefore, it is our position that the issues raised above do not adversely affect our audit findings or the audit outcome.

Duty of Procedural Fairness

Your representation contends that the Organization was not afforded adequate administrative fairness. Your letter of March 27, 2009, asserts "that our response to the

3 Ibid.

November 10, 2008 letter might well be different if we were able to see all the audit notes."[4] We respectfully disagree.

In this regard we would point out that the CRA fully set out, in detail, its position with respect to our audit findings and the Organization was granted a significant period of time to respond.[5] Along with materials obtained through an Access to Information request filed on behalf of the Organization, an additional package of materials used for the basis of our November 10, 2008 correspondence was provided on February 19, 2009 by the CRA. While we cannot confirm the exact date when the Organization received documentation from the Access to Information and Privacy Directorate, your authorized representative was contacted on May 26, 2009, by us, to confirm that all information had been received. In our view all materials relied upon by the CRA have either been provided or, alternatively, the Organization should have direct access to these materials in its own books and records.

On May 26, 2009, we advised the Organization that we would grant an extension until July 30, 2009, to present further representations beyond those received on March 27, 2009. Between the period of February 19, 2009 and March 27, 2009, the Organization and its representative had in its possession the auditor's working file and were in no reasonable manner prohibited from preparing its representations to our November 10, 2008 letter. We did not receive any further representations from the Organization and have therefore concluded that the Organization's response to our letter of November 10, 2008, remains as submitted.

Appropriateness of Revocation

As noted in your submission, subsection 149.1(23) of the Act allows for annulment rather than revocation, of a charity's registration where it is deemed to have been registered in error or as a result in a change in law. Annulment of registration is a discretionary procedure[6] involving less severe consequences than revocation. It is not our position that the Organization was registered in error. As noted above, the objects of the Organization as stand alone statements are broad, but they could be considered charitable. At the point of registration the CRA reviewed all supporting documentation as well as assurance from the Organization that it would not engage in partisan political activities and made a correct determination to register the Organization as a charity.

Conclusion:

It is our position that the Organization has not been established for exclusively charitable purposes and has not shown that it devotes all of its resources to exclusively charitable activities. It is our position that the Organization's original purposes have been overshadowed by its promotion of and involvement in political activities which are neither ancillary nor incidental.

Consequently, for each of the reasons mentioned in our letter dated November 10, 2008, I wish to advise you that, pursuant to subsection 168(1) and 149.1(2) of the Act, I propose to revoke the registration of the Organization. By virtue of

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4 Ibid.
5 Our letters of December 4 and 23, 2008; February 19, 2009, and telephone conversations of May 25 and 26, 2009
6 *Hostelling International Canada – Ontario East Region v. Minister of National Revenue*, 2008 FCA 396, at paragraph 13

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 168(1)(b), and subsection 149.1(2) 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**
107842684RR0001	Physicians for Global Survival (Canada)/Association des Médecins Pour La Survie Mondiale (Canada) Ottawa, 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:

- Your letter dated March 27, 2009;
- Appendix "A", Relevant provisions of the Act

c.c.: Mr. Arthur B.C. Drache
Drache LLP
222 Somerset Street West, 2nd Floor
Ottawa, ON K2P 2G3

APPENDIX "A"

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.