



Political activities of charities

May 2017



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

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Charitable purposes

- The *Income Tax Act* and the common law both require a charity to have only **charitable purposes**
 - A purpose is the aim or goal of an organization.
- The courts have identified four categories of charitable purposes:
 1. Relief of poverty
 2. Advancement of education
 3. Advancement of religion
 4. Other purposes beneficial to the community
 - For example, protection of animals, protection of the environment, promoting health, upholding human rights
- A charity must also devote its resources to **charitable activities**.
 - A charitable activity is the actions or steps a charity takes that further a charitable purpose.

Political purposes and activities

- A charity cannot have a **political purpose**, which the courts have defined as any purpose to:
 - further the interests of a particular political party, or 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
- The Act allows a charity to carry out a limited amount of **political activities** in support of its charitable purposes:
 - **Definition**: A political activity *communicates to the public* that a law, policy, or decision of any level of government should be retained, changed, or opposed.

Political activity requirements

- A charity that is devoting substantially all of its resources to its charitable purposes and activities can undertake political activities that:
 - are ancillary and incidental to its charitable purposes
 - are limited in scope (around 10% of resources - financial resources, capital assets, volunteer time and donated resources)
 - never directly or indirectly support or oppose a political party or candidate for public office (that is, **partisan**)
- The more resources a charity devotes to carrying out political activities, the more likely it is operating for a political purpose.

How can charities use their resources?

- Under this framework, charities' advocacy activities can be sorted into three categories:
 1. Charitable activities
 2. Permissible political activities (within legal limits)
 3. Unacceptable activities, including:
 - partisan political activities
 - excessive political activities
- These rules are the same for all charities.

Examples of charitable activities

- Making representations directly to elected or public officials is generally deemed to be a charitable activity by the CRA
 - An environmental charity meets with MPs to demand support for the enactment of a federal tax on all commercial carbon emissions.
 - A health charity meets with MPs to demand they support the enactment of a federal tax on all foods containing refined sugar.
- Charities often conduct public awareness campaigns as part of their charitable activities – if these campaigns meet certain criteria, these are not considered political activities:
 - An environmental charity informs people of the dangers posed to the environment by climate change.
 - A health charity informs people of the high health cost of the prevalence of sugar in Canadians' diets.

Examples of permissible political activities

- Charities can use a variety of means to communicate to the public that a law, policy or decision of the government should be changed, modified or retained
 - Media releases and advertisements
 - Conferences, workshops, speeches, or lectures
 - Publications (printed or electronic)
 - Rallies, demonstrations, or public meetings
 - Petitions, boycotts (calls to action)
 - Letter writing campaign (printed or electronic)
 - Internet (website, social media (Twitter, YouTube))
 - Gifts to qualified donees for political activities
- This is allowed under the Act, within limits described earlier, and must be reported in a charity's T3010

Scenarios – Complying with the rules

- Environmental charity
 - Charitable activities: the charity encourages people to carpool and improve their homes' energy efficiency, and meets privately with MPs to demand lower vehicle emission standards.
 - Political activity: the charity devotes around 10% of its resources to calling on the public to contact their MP and request a federal tax on all commercial carbon emissions.
- Health charity
 - Charitable activities: the charity holds workshops to teach people how to reduce sugar in their diet, and meets privately with MPs to demand a maximum amount of sugar per gram in all processed foods.
 - Political activity: the charity devotes around 10% of its resources to organizing marches and rallies on Parliament Hill, calling for a federal tax on all foods containing refined sugar.

Scenarios – Failing to comply with the rules

- Environmental charity
 - Partisan political activity: the charity tells people not to vote for a political party that doesn't support a carbon tax.
 - Excessive political activities: most of the charity's human and financial resources go to blog posts and social media campaigns calling for a tax credit for homeowners with energy efficient homes.
 - Political purpose: the charity amends its governing document to add: "protect the environment by reducing the sulphur content of gasoline", which would likely be contingent upon a change in law.
- Health charity
 - Partisan political activity: the charity gives money to a political party that supports its policies
 - Excessive political activities: the charity's directors focus almost all of the organization's efforts and resources on organizing marches and rallies on Parliament Hill, and letter writing campaigns to the Minister of Health, calling for a prominent warning label on high-sugar foods.
 - Political purpose: the charity amends its governing documents to add "promote health by enshrining in law a limit on the sugar in processed foods".

Report of the consultation panel

- The Panel's recommendations include (among others):
 - The CRA should administratively consider political activities to be charitable, and cease enforcement of the current provisions of the Act relating to charities' political activities
 - The Act should be amended, so that political activities are considered charitable; however, the Panel notes that political purposes would continue to be prohibited
 - The CRA should suspend any decisions on charities' political activities made as part of the political activities audit program

Outcomes of political activities audit program

- As of April 2017, 49 of 54 audits are completed.
- Most were found to be largely following the rules for political activities.
- However, the audits revealed several other serious problems; for example, a charity:

Appeals of CRA decisions

- During all audits, the CRA is committed to serving charities with professionalism, courtesy, and fairness.
 - In the course of an audit, the charity can discuss with the auditor any concerns that may arise.
- A charity has a right to object to a CRA decision to revoke registration.
 - The charity first files an objection to the CRA's Appeals Branch, which reconsiders the original decision.
 - If the charity disagrees with the Appeals Branch's decision, the charity can appeal to the Federal Court of Appeal, which reviews the reasonableness of the decision.
 - Further appeals are heard by the Supreme Court of Canada.

Annexes

Annex A – ITA provisions

- **149.1(6.1)** For the purposes of the definition *charitable foundation* in subsection 149.1(1), where a corporation or trust devotes substantially all of its resources to charitable purposes and
 - (a) it devotes part of its resources to political activities,
 - (b) those political activities are ancillary and incidental to its charitable purposes, and
 - (c) those political activities do not include the direct or indirect support of, or opposition to, any political party or candidate for public office,the corporation or trust shall be considered to be constituted and operated for charitable purposes to the extent of that part of its resources so devoted.
- **149.1(6.2)** For the purposes of the definition *charitable organization* in subsection 149.1(1), where an organization devotes substantially all of its resources to charitable activities carried on by it and
 - (a) it devotes part of its resources to political activities,
 - (b) those political activities are ancillary and incidental to its charitable activities, and
 - (c) those political activities do not include the direct or indirect support of, or opposition to, any political party or candidate for public office,the organization shall be considered to be devoting that part of its resources to charitable activities carried on by it.

Annex B – T3010, Schedule 7

Political activities

Schedule 7

A registered charity may pursue political activities only if the activities are non-partisan, related to its charitable purposes, and limited in extent. A political activity is any activity that explicitly communicates to the public that a law, policy or decision of any level of government inside or outside Canada should be retained, opposed, or changed.

1 Describe the charity's political activities, including gifts to qualified donees intended for political activities, and explain how these relate to its charitable purposes.

2 Identify the way the charity participated in or carried out political activities during the fiscal period.

		Resources used			
		Tick all the boxes that apply			
		Staff	Volunteers	Financial	Property
Media releases and advertisements	700	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conferences, workshops, speeches, or lectures	701	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Publications (printed or electronic)	702	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rallies, demonstrations, or public meetings	703	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Petitions, boycotts (calls to action)	704	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Letter writing campaign (printed or electronic)	705	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet (website, social media (Twitter, YouTube))	706	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gifts to qualified donees for political activities	707	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify):	708	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Funding from outside of Canada for political activities

3 If the charity entered an amount on line 5032, complete the fields below. Enter the political activity that the funds were intended to support, the amount received from each country outside Canada, and the corresponding country code (using the codes provided in Schedule 2). For more information on how to complete this table, see Guide T4033.

Political activity	Amount	Country Code