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3004759

September 10, 1999.

Re.: Muslim Association of Canada

This is in response to the Application for Registration (Form T2050) filed on behalf of the above-named organization for the purpose of registration as a charity under the *Income Tax Act*. We regret the delay in replying.

**NOTIFICATION OF REGISTRATION**

We are pleased to inform you that, based on the information supplied, and assuming that the activities will be as stated, we have determined that the organization qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act* (the "Act").

**REGISTRATION INFORMATION**

- the charity's **Business Number** is 88049 5163 RR0001.
- the charity is registered effective January 1, 1999.
- the charity is **designated as a charitable organization**.
- the charity will have to **file its first annual return** on or before June 30, 2000.

The following paragraphs and the documents attached to this letter will further explain the operational requirements the charity must meet, its filing requirements, the issuance of receipts, etc. Please take a few minutes to look over this information, and refer to this letter for any questions relating to the charity's status.

### **General Information**

Enclosed is a copy of a document entitled "Information on the Income Tax Act and Registered Charities" which will assist you in complying with the operational and filing requirements that must be satisfied in order to maintain the organization's registered charity status. If you have any questions or require further assistance, please do not hesitate to contact our Client Assistance Section at (613) 954-0410 for local Ottawa calls or at 1-800-267-2384 for toll-free long-distance calls, or by mail to the Charities Division, Revenue Canada, Ottawa, Ontario, K1A 0L5. Any questions pertaining to the GST may be addressed by telephoning toll-free at 1-800-959-5525.

### **The Charity's Business Number**

The Business Number (BN) system has been implemented as of April 1997. The BN consists of a nine-digit root, followed by a two-letter, four-digit account identifier. The nine-digit root is the same for each account the organization may have with Revenue Canada. However, the two-letter, four-digit identifier will be different for each account. The organization's charitable status is acknowledged by the **RR 000** account identifier. Please note that the charity's BN should be written **in full**, including its charity account identifier, on all receipts it issues.

### **The Charity's Designation**

We have determined that the organization is a charitable organization because it meets the requirements of that definition as set out under subsection 149.1(1) of the *Act*. This designation determines the operational requirements which the charity will have to meet under the *Act*, and are described in the information document referred to above. However, if you think this designation does not accurately reflect the present structure, source of funding or mode of operation of your organization, please write us within sixty days of the mailing of this letter, clearly setting out your reasons.

At a later date, if the charity undergoes some of the modifications described below, it may be required to change its designation. You may also wish, for other reasons, to see the organization's designation changed. In both cases, you would have to apply for re-designation by completing form T2095.

### **Changes in the Charity's Purposes, Activities, Sources of Support or Directors**

The Department has registered the organization based on the information provided with the application. If the organization wishes to formally change its stated purposes or objects, it

should obtain our prior approval, because this may affect its status. If the organization wishes to undertake programs and activities that are materially different from those in the information already submitted to us, it should make sure that they are within the scope of the organization's stated purposes. Moreover, if the programs or activities are different from those we reviewed, they may not be charitable. So as a precaution, we recommend that you check with us beforehand. If the organization actually undertakes programs that are not charitable, its registration may be revoked.

Furthermore, if the charity's sources of support, character, or method of operation were also to change, you would be required to advise us immediately, so that we may consider any impact this may have on its registered status. In addition, you would be required to advise us if the relationships (by blood, marriage or adoption) among the directors and officials change.

These types of changes might affect the charity's designation and the operational requirements it has to meet under the *Act*.

#### **Issuing Receipts Acknowledging Gifts to the Charity**

In order for donors to benefit from the tax incentives associated with gifting to a charity, they must submit an official receipt issued by a registered charity with their income tax return. Official receipts are those issued by a registered charity that meet the requirements set out under Regulation 3501 of the *Income Tax Regulations*. In this regard, please refer to Appendix C of the enclosed document titled "Information on the Income Tax Act and Registered Charities". Official receipts can only be issued to acknowledge **gifts** to the charity. Interpretation Bulletin IT 110R3 defines a gift as a voluntary transfer of property without valuable consideration. For more information on what constitutes a gift in charity law, please refer to this Interpretation Bulletin.

#### **Fund-raising**

Many charities engage in fund-raising activities such as bingos, dinners, golf tournaments, etc. Certain payments made in the context of fund-raising activities (such as a ticket for a lottery draw, an admission fee, etc.) are not eligible for an official receipt, since the transfer of funds within the fund-raising activity does not meet the legal definition of a gift. If you are unsure whether a fund-raising activity would be acceptable for a registered charity, you should contact our Client Assistance Section at the telephone numbers listed above in order to obtain approval before undertaking the activity.

### **Filing the Charity's Annual Return**

Every year each registered charity must file a "Registered Charity Information Return" (form T3010 - the "Return") and a financial statement within six months following its fiscal year end. As you have indicated that the charity's fiscal year end is December 31, its first return should be filed on or before June 30, 2000, for the fiscal period ending December 31, 1999. The information required on the Return may differ substantially from that available in your current books and records. Here are some of the items of information you will have to provide on the Return:

- a breakdown of gifts including those for which "official tax receipts" were issued and those from other registered charities;
- disbursements, including amounts spent on fund-raising, administrative expenditures, political activities, and those spent specifically on charitable programs; and,
- a breakdown of remuneration to directors, executive officers, to employees engaged in charitable activities and to employees engaged in other activities.

Although the Return form is forwarded annually to all registered charities for their use and to remind them that the Return must be filed, it is the charity's responsibility to ensure that it meets its annual filing requirements, without prior notice by the Department. **Failure to file the Return within the prescribed six-month period following each fiscal year end could result in the revocation of the organization's registered status. The charity would then lose its tax-exempt status as well as its authority to issue official receipts for income tax purposes, and would be subject to a tax equal to the value of any remaining assets not disposed of in a prescribed manner.** Should you wish to obtain a copy of the Return, you may contact any of the Department's Tax Services offices. You may also contact the Charities Division in writing at Revenue Canada, Ottawa, Ontario, K1A 0L5 or by telephoning our toll-free line at 1-800-267-2384. Enclosed are copies of the Return for your use.

### **Other Possible Requirements Associated with Charitable Status**

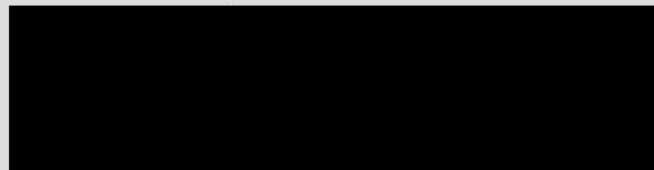
The organization is now registered for federal income-tax purposes. However, depending on which part of Canada it carries on its activities, there may be provincial legislation or municipal by-laws that could govern its operations. These rules may require you to file reports or annual returns, or to apply for licenses in connection with various aspects of the

charity's activities, such as fund-raising. If you are unfamiliar with these requirements, you should contact the appropriate provincial and municipal authorities to determine the relevant requirements. Please note that if you intend to issue receipts to residents of Québec for Québec provincial income tax purposes, the charity must also be formally registered with Revenu Québec. For further information please contact:

Ministère du Revenu du Québec  
Direction générale des mandataires  
Direction de l'enregistrement  
3800, rue de Marly  
Sainte-Foy (Québec)  
G1X 4A5  
Tel. (418) 659-6500

**Since this letter could help resolve any questions about the charity's charitable status, you should keep it in your permanent records.**

Yours truly,



John Shields  
Charities Examiner  
for Neil Barclay, Director  
Charities Division

Attachments

