


Overarching concern

 86,000 registered charities assist millions of Canadians every year ...

 16(1)(c)

 Many of these strategies involve foundations (private or public) which have seen their assets more than double from \$35 billion to \$73 billion (2008 to 2016)

Page 000606 exempted from disclosure pursuant
to 16(1)(c) of the ATIA

Currently...

Non-compliance is addressed through:

- 🌸 Charities Education Program (CEP) visits
- 🌸 Nudge initiatives (letters, automated calls)
- 🌸 Audits (field and office)
- 🌸 Monitoring and filing enforcement
 - 🌸 Resolving issues with annual returns (T3010s)
 - 🌸 Revocations, annulments, Part V tax assessments

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Traditional field audit process includes...

- Using dedicated SMED auditors to conduct charity audits
- Providing support by Charities HQ
 - Screening and file selection
 - Technical support (audit, purposes and activities)

Going forward, we need to ...



16(1)(c)



Maintain a balanced audit approach to ensure and improve compliance across all spectrums

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Charities dual-mandate audit project

- 🌟 Partnership formed with the High Net Worth Compliance Directorate
- 🌟 Goal: Examine high-risk charities that appear to be developing strategies to take advantage of the tax system for financial gain as well as to examine the

16(1)(c)

- 🌟 Highlight the importance of collaborative audit work throughout the Agency

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Roles

- Charities Directorate identifies charities to audit
- Aggressive Tax Planning (ATP) Workload screens the 16(1)(c)
- ATP auditor conducts audit on charity 16(1)(c)
- Audit & activities advisors provide charity support
- RATAs provide ATP support

What's been done so far

🌟 May 2019

🌟 Project launched

🌟 ATP auditors were identified

🌟 June 2019

🌟 ATP auditors participated in Charities auditor training sessions

🌟 16(1)(c)




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What we've seen so far...

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Expected outcomes

- 🌟 Address serious non-compliance through sanctions and/or revocation of registration of charities
- 🌟 Address income tax non-compliance through 16(1)(c)
16(1)(c)
- 🌟 16(1)(c)
- 🌟 Educate and bring awareness to the charitable sector regarding emerging trends in non-compliance
- 🌟 Help protect the tax base by ensuring it remains fair and equitable for all



Questions?

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