



Charities & ATP Dual Mandate Audit Project

November 2019

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Overall 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)

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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 file 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)

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Going forward, we need to ...



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- 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

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

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- 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

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What's been done so far

May 2019

- Project launched
- ATP auditors were identified

June 2019

- ATP auditors participated in Charities auditor training sessions

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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)
- ❖ 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

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Questions?

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