



# 2024 Canadian Federal Budget - How will it affect the Canadian charitable sector?

By Mark Blumberg (April 16, 2024)

Today, Canadian Finance Minister Chrystia Freeland introduced [Budget 2024—Fairness for every generation](#). The government's tag line for the budget is "The 2024 federal budget is the government's plan to build more homes, faster, help make life cost less, and grow the economy in a way that helps every generation get ahead." Here are some preliminary comments.

## Highlights of the Budget

Recent budgets had some major initiatives relating to registered charities including qualifying disbursements, directed donation rules, disbursement quota changes and some additional transparency. This year's budget has smaller changes in comparison. The government seems to be focused mainly on admittedly important topics such as housing, cost of living, disability benefits, a new school food program, etc.

### Foreign Charities Registered as Qualified Donees

In a surprise announcement under Foreign Charities Registered as Qualified Donees the government made some tweaks to “Registered foreign charities that have received a gift from His Majesty in right of Canada”. This will have limited impact as there are currently only three organizations listed namely:

A list of currently registered foreign charities		
Country	Name	Registration period
Switzerland	Aga Khan Foundation	2022-11-15 to 2024-11-15
United States	Council for Canadian American Relations	2022-07-26 to 2024-07-26
United Kingdom	The Canada-UK Foundation	2023-03-03 to 2025-03-03

The government will extend the period that a group receives this status from 2 to 3 years. Most importantly “... foreign charities would be required to submit an annual information return to the Canada Revenue Agency (CRA) that includes the total amount of receipts issued to Canadian donors, the total amount of gifts received”. This will give us greater transparency relating to these small number of institutions. These changes will be effective immediately after Budget Day.

### Charities and Qualified Donees

Budget 2024 proposes to amend the *Income Tax Act* and *Income Tax Regulations* to improve the operation of the rules related to registered charities and other qualified donees.

### Foreign Charities Registered as Qualified Donees

The *Income Tax Act* allows a foreign charity to be registered as a qualified donee for a temporary 24-month period. To be eligible for registration, a foreign charity must have received a gift from His Majesty in right of Canada, and be pursuing activities relating to urgent humanitarian aid, disaster relief, or activities in the national interest of Canada.

Budget 2024 proposes to extend the period for which qualifying foreign charities are granted status as a qualified donee from 24 months to 36 months. In addition, foreign charities would be required to submit an annual information return to the Canada Revenue Agency (CRA) that includes the total amount of receipts issued to Canadian donors, the total amount of gifts received from qualified donees, and information on how those funds were used. This information would be made publicly available.

### Coming into Force

Measures relating to the extension of the registration period for foreign charities would apply to foreign charities registered after Budget Day. New reporting requirements for foreign charities would apply to taxation years beginning after Budget Day.

All remaining measures would apply upon royal assent.

### Changes for CRA Processes for Revocation

The government is changing the requirement that a revocation of the registration of a charity or other qualified donee is only effective by publishing the revocation in the Canada Gazette. Now CRA will be able to make the revocation effective when it is published on a government webpage. I am not sure that that will make much difference. In some cases, it takes between 10 and 20 years for the Canada Revenue Agency to revoke a charity who they are aware has been involved in serious noncompliance.

The Budget also makes it easier for CRA to provide notices through the MyBA system. All charities should look at getting on the CRA MyBA system if they are not already on it.

These changes will be effective upon the Budget receiving Royal Assent.

### **Modernizing Service**

Budget 2024 proposes various amendments to the *Income Tax Act* to help simplify and modernize the way in which the CRA provides services and communicates information relating to registered charities and other qualified donees.

Budget 2024 proposes to permit the CRA to communicate certain official notices digitally, where the charity has opted to receive information from the CRA electronically. Registered charities that have not opted to receive information electronically would receive official notices, other than compliance-related notices, by regular mail. Those charities would continue to receive compliance-related notices, including notices of intention to revoke, annul, or suspend a charity's registration, by registered mail.

Currently, the revocation of the registration of a charity or other qualified donee is effective upon publication in the Canada Gazette. Budget 2024 proposes to remove this requirement. Instead, the revocation of registration would become effective upon the publication of an official notice of revocation on a government webpage.

Budget 2024 also proposes to remove the requirement that certain objections be addressed directly to the Assistant Commissioner of the CRA's Appeals Branch.

### **Some Technical Updates to Issuing Official Donation Receipts**

Some aspects of issuing official donation receipts are quite dated. Some of the rules seem to contemplate an era in which charities had physical receipting books and everything was handwritten. Finance is making some small changes to the way that receipts are issued. That will probably have very little impact on charities.

For example, a charity no longer has to include the place of issuance of the receipt. This makes sense as many of the receipts are issued through online systems, etc.. If you have a gift in kind and you had an appraiser appraise the item, you will no longer need to list the name and address of the appraiser. On receipts there will no longer be a requirement to list the middle initial of the donor. Also, there will be an update of the regulations to expressly permit charities to issue official donation receipt electronically – this has definitely not been a problem for charities who have been doing it for about 20 years! These changes will come into effect when the budget is passed.

### **Donation Receipts**

Registered charities and qualified donees can issue official donation receipts for gifts that they receive. The *Income Tax Act* and the *Income Tax Regulations* set out the minimum requirements for a receipt to be valid and the processes that must be followed when issuing receipts.

Budget 2024 proposes a number of changes to simplify the issuance of official donation receipts and to align the process for issuing receipts with modern practices of charities.

Budget 2024 proposes to remove the requirement that official donation receipts contain:

- the place of issuance of the receipt;
- the name and address of the appraiser, if an appraisal of the donated property has been done; and
- the middle initial of the donor.

Budget 2024 also proposes to allow charities to mark a donation receipt as "void", as an alternative to the term "cancelled", where a receipt has been spoiled, as well as removing the requirement that it be stored with a duplicate copy.

Budget 2024 also proposes to update the regulations to expressly permit charities to issue official donation receipts electronically, provided that they

contain all required information, they are issued in a secure and non-editable format, and the charity maintains an electronic copy of the receipts.

### **Alternative Minimum Tax**

The Budget announced that the Alternative Minimum Tax (AMT) changes will proceed but with some modification. The Federal Government had proposed last year that individuals would only be able to claim under the AMT 50 percent of charitable donations as part of a major overhaul of the AMT system and now they will allow 80 percent to be claimed for donations when needing to calculate AMT. Also, capital gains inclusion rate will be 30% for donations of marketable securities which is the same as the proposal. This is not everything that certain charity umbrella organizations were requesting but it a compromise by the government on this issue. But it is important to know how much more certain donors receive for their donations than others. It is an extremely large amount, and this does not change that they still receive an extremely large amount – not however as large. Primarily this is a partial win for some very wealthy individuals, their private foundations and few public foundations and charitable organizations that receive funds from these few donors. Here is the wording from the Budget:

### **Alternative Minimum Tax**

The Alternative Minimum Tax (AMT) is a parallel tax calculation that allows fewer tax credits, deductions, and exemptions than under the ordinary personal income tax rules. Taxpayers pay either regular tax or AMT, whichever is highest.

Budget 2023 announced amendments to the *Income Tax Act* that would change the AMT calculation. Draft legislative proposals to implement these changes were published for consultation in the summer of 2023.

Budget 2024 proposes to make further changes to the AMT proposals, as described below.

### **Changes to the Tax Treatment of Charitable Donations**

Budget 2024 proposes that the tax treatment of charitable donations be revised to allow individuals to claim 80 per cent (instead of the previously proposed 50 per cent) of the Charitable Donation Tax Credit when calculating AMT.

### **Additional Amendments**

Budget 2024 proposes several additional amendments to the AMT proposals. These amendments would:

- fully allow deductions for the Guaranteed Income Supplement, social assistance, and workers' compensation payments;
- allow individuals to fully claim the federal logging tax credit under the AMT;
- fully exempt Employee Ownership Trusts from the AMT; and
- allow certain disallowed credits under the AMT to be eligible for the AMT carry-forward (i.e., the federal political contribution tax credit, investment tax credits, and labour-sponsored funds tax credit).

Budget 2024 also proposes several technical amendments to the AMT legislative proposals.

### **Changes in the Capital gains rate for companies and individuals.**

There will be increases to the capital gains inclusion rate for capital gains. If the current system is maintained that capital gains on the donation of marketable securities is continued, then this provides even more tax incentive for donors to donate marketable securities over cash. It is not yet clear what all the details are so we will wait.

## Capital Gains Inclusion Rate

One half of a capital gain is included in computing a taxpayer's income. This is referred to as the capital gains inclusion rate. The current one-half inclusion rate also applies to capital losses.

Budget 2024 proposes to increase the capital gains inclusion rate from one half to two thirds for corporations and trusts, and from one half to two thirds on the portion of capital gains realized in the year that exceed \$250,000 for individuals, for capital gains realized on or after June 25, 2024.

The \$250,000 threshold would effectively apply to capital gains realized by an individual, either directly or indirectly via a partnership or trust, net of any:

- current-year capital losses;
- capital losses of other years applied to reduce current-year capital gains; and
- capital gains in respect of which the Lifetime Capital Gains Exemption, the proposed Employee Ownership Trust Exemption or the proposed Canadian Entrepreneurs' Incentive is claimed.

Claimants of the employee stock option deduction would be provided a one-third deduction of the taxable benefit to reflect the new capital gains inclusion rate, but would be entitled to a deduction of one half the taxable benefit up to a combined limit of \$250,000 for both employee stock options and capital gains.

Net capital losses of prior years would continue to be deductible against taxable capital gains in the current year by adjusting their value to reflect the inclusion rate of the capital gains being offset. This means that a capital loss realized prior to the rate change would fully offset an equivalent capital gain realized after the rate change.

For tax years that begin before and end on or after June 25, 2024, two different inclusion rates would apply. As a result, transitional rules would be required to separately identify capital gains and losses realized before the effective date (Period 1) and those realized on or after the effective date (Period 2). For example, taxpayers would be subject to the higher inclusion rate in respect of the portion of their net gains arising in Period 2 that exceed the \$250,000 threshold, to the extent that these net gains are not offset by a net loss incurred in Period 1 or any other taxation years.

The annual \$250,000 threshold for individuals would be fully available in 2024 (i.e., it would not be prorated) and would apply only in respect of net capital gains realized in Period 2.

Other consequential amendments would also be made to reflect the new inclusion rate. Additional design details will be released in the coming months.

#### **Summary Statement on Supporting Charities and Non-profit Organizations**

The Budget had a statement about supporting charities and non-profit organizations since 2015. That may lead some to ask, "What have you done lately?". A lot of it is fluff and old stuff and some of it is very inaccurate or some things are hardly something you should be gloating about. What are they compensating for by summarizing these programs in the Budget. Perhaps they are

afraid that some in the non-profit and charity sector might wonder why there is not that much for the non-profit and charity sector as a whole in this Budget. Perhaps it is not surprising when almost all the umbrella organization efforts seem to have been focused on the AMT.

## **Supporting Charities and Non-Profit Organizations**

Charities and non-profits are pillars of communities across Canada. They deliver child care, affordable housing, and frontline services to Canadians in need. Since 2015, the federal government has worked in even closer partnership with the charitable and non-profit sector to deliver more support to Canadians, providing over \$2 billion in support to the charitable sector.

This support includes:

- Supporting non-profit housing providers through programs like the Affordable Housing Fund, which is helping to build 60,000 new homes and repair or renew 240,000 more;
- The delivery of both the Emergency Community Support Fund and the Community Services Recovery Fund to provide \$750 million to charities and non-profits to weather the storm of the pandemic and to emerge from the crisis even stronger;
- Investing in social finance through \$755 million for the Social Finance Fund and \$100 million for the Investment Readiness Program, so charities can maximize the impacts of their work and establish greater financial resilience to ensure they can continue serving their clients;
- \$200 million for a new Black-led Philanthropic Endowment Fund as well as \$200 million for the Supporting Black Canadian Communities Initiative. These investments are improving economic and social outcomes in Black

communities and supporting capacity-building of Black-led non-profit organizations;

- Youth employment support through the Canada Summer Jobs Program and Youth Employment and Skills Strategy Program. The Canada Summer Jobs Program provides wage subsidies to hundreds of non-profit organizations every year;
- Strategic investments through the Social Development Partnerships Program to help improve the life outcomes of Canadians;
- Community building projects such as New Horizons for Seniors, which promotes volunteerism among seniors and other generations to make our communities more senior-inclusive;
- Employment supports including the Sectoral Workforce Strategy and partnering with the not-for-profit sector to drive the Employment Strategy for Persons with Disabilities through the Opportunities Fund;
- Arts and cultural programming that supports non-profits in presenting festivals through the Building Communities Through Arts and Heritage Fund and museums in holding exhibitions through the Museum Assistance Program; and,
- Settlement and newcomer supports, such as the Racialized Newcomer Women Pilot.

Additionally, the federal government has made important structural changes to enable charities and non-profits to more easily do their work in a friendlier regulatory environment, including:

- Allowing charities to fully engage in public policy dialogue and development, free from political harassment, by amending the *Income Tax Act* in 2018;
- Establishing a permanent advisory committee on the charitable sector in 2019 to engage charities on policy and regulatory issues;
- Allowing charities to provide resources to organizations that are not qualified donees beginning in 2022, so they can better serve their clients; and,
- Making sure the money Canadians donate to charities is invested into our communities and front-line services as expected by unlocking investment assets held by foundations and boosting grantmaking to charities.

### **Transparency**

Except for the greater transparency applying to three foreign charities, we were disappointed that there was no mention of increased transparency in the area of non-profits and charities. Currently, CRA is very limited in what information they can provide on registered charities, and they cannot provide any information on non-profit organizations that are not registered charities. Here is a [recent submission](#) from Blumbergs on this topic. Unfortunately, the government is not doing much to address the fact that trust in the charity sector is plummeting in Canada, and it is partly due to lack of transparency. Without good transparency, it is unlikely that the public is going to trust charities. Having robust transparency discourages the sort of inappropriate behaviours as the media has extensively covered (including but not limited to Hockey Canada and Soccer Canada) and makes it easier to hold problematic non-profits and charities accountable

### **Non-Profit Regulation**

The regulation of non-profits that are not registered charities has not changed since 1917; despite discussions about changes to the NPO regime, there was nothing in the budget indicating that it is even being considered.

### **Qualifying Disbursements and Donor Directed Gifts**

In previous budgets there had been some provisions on Qualifying Disbursements and Donor Directed Gifts. There were some concerns around these provisions including ambiguity with respect to these new rules, and I was wondering whether there would be any tweaks or revisions in this Budget. There were not.

### **Some other initiatives in the Budget**

Here are some other pieces from the Budget that impact on non-profits and charities:

### **Addressing the Rise in Antisemitism**

Recently, Canada has witnessed a worrying increase in Antisemitism, underscoring the need for urgent collective action. United against hate, the government is resolute in protecting Jewish communities from bigotry, hate, and religious discrimination.

- As part of Canada's Action Plan on Combatting Hate, Budget 2024 proposes to provide \$7.3 million over six years, starting in 2024-25, with \$1.1 million ongoing, to the Department of Canadian Heritage to support the Special Envoy on Preserving Holocaust Remembrance and Combatting Antisemitism. This builds on previous funding in Budget 2022 of \$5.6 million over five years, starting in 2022-23, and \$1.2 million ongoing.

These investments will help build a more inclusive society, ensuring that current and future generations of Jewish people in Canada can feel safe at home.

## Addressing the Rise in Islamophobia

Recently, Canada has witnessed a worrying increase in Islamophobia, underscoring the need for urgent collective action. The government is resolute in protecting Muslim communities from bigotry, hate, and religious discrimination.

- As part of Canada's Action Plan on Combatting Hate, Budget 2024 proposes to provide \$7.3 million over six years, starting in 2024-25, with \$1.1 million ongoing, to the Department of Canadian Heritage to support the Special Representative on Combatting Islamophobia. This builds on previous funding in Budget 2022 of \$5.6 million over five years, starting 2022-23, and \$1.2 million ongoing.

These investments will help build a more inclusive society, ensuring that current and future generations of Muslim people in Canada can feel safe at home.

## Enhancing the Security Infrastructure Program

Every Canadian has a right to feel safe. No one should feel targeted for who they are, or the religion they believe in. Freedom to practice one's religion without discrimination or persecution is a Charter protected right—and the federal government is taking action to uphold this right.

To help people feel safe to practice their faith, the Security Infrastructure Program provides funding to organizations to protect communities at risk of hate-motivated crime by enhancing physical security at their gathering spaces.

In 2023, the Security Infrastructure Program allocated an additional \$10 million to help Canadian communities at risk of hate-motivated crimes protect and strengthen the security of their community centres, places of worship, day schools, and other institutions.

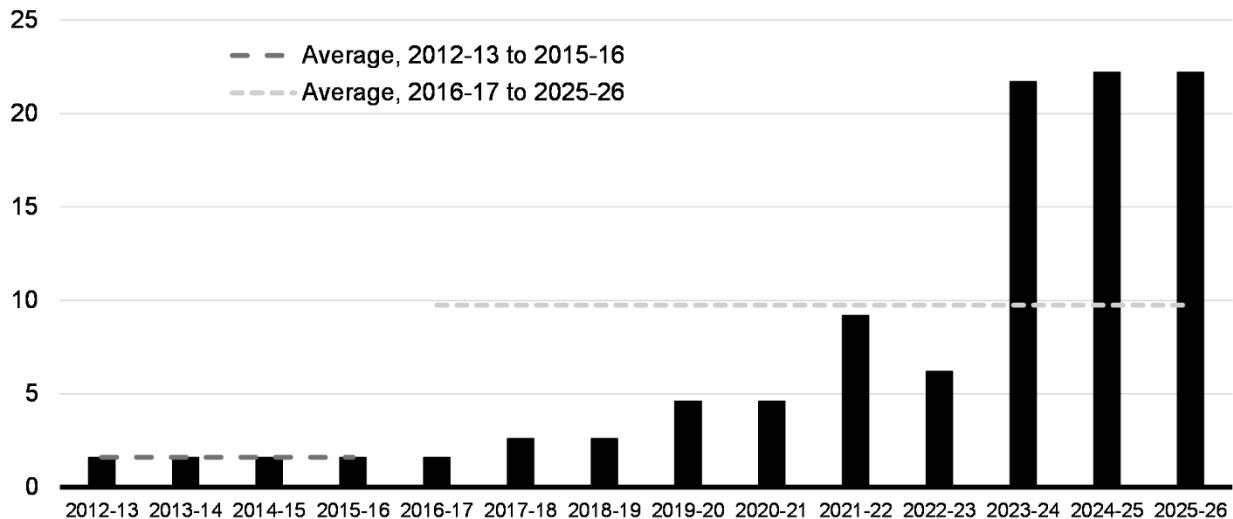
- As part of Canada's Action Plan on Combatting Hate, Budget 2024 proposes to provide \$32 million over six years, starting in 2024-25, and \$11 million ongoing, for Public Safety Canada to further enhance the Security Infrastructure Program.

This includes making the increased funding of \$11 million per year, starting in 2024-25, provided in Budget 2023 permanent. Budget 2024 also

announces the government's intention to cut red tape and evolve the Security Infrastructure Program to make it easier and more efficient for organizations to access security support when they need it.

Chart 5.3

**Annual Budget of the Security Infrastructure Program, 2012-13 to 2025-26**  
millions of dollars



### Preserving Holocaust Remembrance

Preserving the memory of the Holocaust is important to ensuring it never happens again. By educating current and future generations of Canadians about the Holocaust, the government will advance its fight against denial and Holocaust-related disinformation, and raise awareness of Antisemitism.

- To create a new National Holocaust Remembrance Program, Budget 2024 proposes to provide \$5 million over five years, starting in 2024-25, and \$2 million ongoing, to the Department of Canadian Heritage, to support initiatives that seek to preserve the memory of the Holocaust and help improve Canadians' understanding, awareness towards the Holocaust and Antisemitism.
- Budget 2024 announces that the Department of Canadian Heritage will launch a project to review and renew Canada's National

Holocaust Monument, using existing resources, including to broaden its visibility and engagement in Ottawa and with Canadians across the country.

### Promoting Local Journalism

- Access to high quality and independent news and information is a key pillar of any democracy. Over the years, private corporations have bought up media outlets, including small community papers and broadcast channels, but have not been there to support the journalists who are the heartbeat of news. Combined with shifts to the digital platforms of multinational tech giants who are reducing revenue streams, local news is facing critical challenges. If we allow the erosion of news media, we are enabling the sort of unchecked disinformation and misinformation that will erode our democracy.
- The government believes that Canadians, no matter where they live, especially those in small, underserved, and official language communities, need to be able to have access to independent local journalism.
- To support the production of independent, reliable, and diverse local news across the country, the government announced \$58.8 million over three years, starting in 2024-25, to the Department of Canadian Heritage for the Local Journalism Initiative. This support would be available to written press, community radio and television, and online news services.

### Investing in Public Interest Programming Services

Public interest programming services, including the Cable Public Affairs Channel (CPAC), Aboriginal Peoples Television Network (APTN), Accessible Media Inc (AMI), ICI Television, and TV5 Québec Canada, among others, play important roles providing news programming to Canadians, and ensuring diverse voices are heard and accessible across the country.

The services provided by not-for-profit media organizations, like APTN, which amplifies Indigenous voices covering Indigenous news, for Indigenous communities across the country, need urgent support to continue delivering the news.

- Budget 2024 proposes to provide \$15 million over two years, starting in 2024-25, to the Department of Canadian Heritage to support public interest programming services, including \$5 million in 2024-25 to support CPAC's capital requirements.

## Vibrant Festivals and Performing Arts

Festivals, film, and live performance events help weave a vibrant tapestry of culture, community, and diversity. Whether it is displays of multiculturalism during cultural festivals or artistic and musical performances, these platforms serve as catalysts for unity, understanding, and the appreciation of Canada's rich cultural heritage. The performing arts sector, and the vibrant festivals hosted in communities across the country, also help artists develop and grow, attract tourists, and make life more enjoyable for Canadians.

Each year, through the Canada Arts Presentation Fund, the government supports approximately 680 professional arts festivals and performing arts series in more than 270 cities and towns across the country. The government also recognizes the important work of independent local festivals in making communities across the country more vibrant for Canadians, which is why it is providing new support to ensure their continued success.

- Budget 2024 proposes to provide \$31 million over two years, starting in 2024-25, to the Department of Canadian Heritage for the Canada Arts Presentation Fund to help support organizations that professionally present arts festivals or performing arts series. A portion of this funding will be used to support the following:
  - La TOHU in Montreal, Quebec, to support the *Festival Montréal Complètement Cirque* that brings people together with stunning circus programs.
  - The *Festival TransAmériques* in Montreal, Quebec, which is a contemporary dance and theatre festival that showcases

innovative and groundbreaking performances from artists around the globe.

- The Sherbrooke Film Festival in Quebec, which is a platform for emerging and established filmmakers, highlighting independent films across various genres from around the world.
- The *Festival des traditions du monde* in Sherbrooke, Quebec, which is a vibrant celebration of global cultures, offering music, dance, food, and crafts from around the world.
- The Vancouver Fringe Festival in British Columbia, which is a celebration of independent theatre, featuring a wide range of performances by artists of all levels of experience.
- Budget 2024 also proposes to provide \$38 million over three years, starting in 2024-25, to the Department of Canadian Heritage to support the following:
  - \$23 million over three years, starting in 2024-25 for The Toronto International Film Festival, which attracts leading filmmakers and actors from around the world, playing an important role in Toronto's entertainment and tourism industries.
  - \$15 million in 2024-25 for the Shaw Festival Theatre in Niagara-on-the-Lake, Ontario, which showcases plays by George Bernard Shaw and his era. Funding will support their ambitious *All.Totger.Now* expansion campaign.
- Budget 2024 also proposes to provide \$1.8 million in 2024-25, to the Department of Canadian Heritage to support the Indus Media Foundation, in Surrey, British Columbia, to support completion of their short film that highlights the shared military heritage of Canadian and Indian soldiers in the First and Second World War.

### **Building New Museums and Cultural Centres**

Our society is made stronger every day by Canada's cultural and ethnic diversity. Canada's rich cultural fabric is full of long and celebrated histories and telling these stories both informs and builds bridges of understanding. The government is committed to preserving the past and supporting the future of Canada's remarkable diversity.

- Budget 2024 proposes \$11 million over two years, starting in 2024-25, to the Department of Canadian Heritage to:
  - Support the Sikh Arts & Culture Foundation and the Royal Ontario Museum to create a museum space in Toronto dedicated to Sikh arts, culture, and heritage; and,
  - Support the operations of the Hellenic Community of Vancouver.

Beyond these funding allocations, the federal government is committed to being a funding partner for a new museum and a new cultural centre in British Columbia. Once further details are announced, the federal government will contribute to build a new museum highlighting the histories, cultures, and contributions of Canadians of diverse South Asian heritages, as well as a new Filipino cultural centre that will create a designated space for the Filipino community to come together and celebrate its culture and heritage.

### **Supporting the National Arts Centre**

The National Arts Centre is Canada's home for the performing arts and supports over 1,400 arts events across Canada every year. It is the largest bilingual performing arts centre in Canada and nurtures the next generation of artists, musicians, dancers, playwrights, choreographers, actors, and directors from across the country.

- Budget 2024 proposes to provide \$45 million over three years, starting in 2025-26, for the National Arts Centre to ensure continued support for artists and productions across the country.

### **Supporting Harbourfront Centre**

Harbourfront Centre is Toronto's waterfront home to arts, cultural, and recreational programming. Each year, Harbourfront Centre hosts more than 4,000 events, attracting world-renowned exhibitions and artists to the heart of the city. Harbourfront Centre introduces Toronto audiences to a broad range of programming not typically shown at commercial venues, positioning it as a key economic and cultural asset for the city, which attracts millions of visitors every year.

Today, this Toronto institution is in need of repairs in order to continue welcoming visitors from Toronto and beyond.

- Budget 2024 proposes to provide \$10 million over two years, starting in 2024-25, to the Department of Canadian Heritage, to support Harbourfront Centre's ability to make critical capital repairs.

### More Free Financial Advice

Financial literacy is one of the keys to financial security. Many Canadians in difficult financial circumstances have benefitted from financial help services that provide advice and options. More of these services are needed to ensure all vulnerable people, especially those with low incomes, have access to the tools and information they need to achieve financial security. National charities, like Prosper Canada, provide these services, with a focus on expanding economic opportunity and economic empowerment for every Canadian.

- Budget 2024 proposes to provide \$60 million over five years, starting in 2024-25, to Prosper Canada to expand the community-delivered financial help services available to Canadians. These enhanced services are expected to reach one million low- to moderate-income Canadians over five years, helping them receive nearly \$2 billion in unclaimed tax and benefit income.

This support will enable Prosper Canada, working with community organization partners, to expand free programming and free advice services. These free programs help Canadians do their taxes and find the benefits they are entitled to, find affordable ways to build their savings, and improve their financial situations so they can get ahead. As announced in Chapter 8, the government is also advancing automatic tax filing to help more Canadians easily receive the benefits to which they are entitled.

### Doubling Volunteer Firefighter and Search and Rescue Tax Credits

Every year about 100,000 Canadians volunteer their time, and sacrifice their own safety, to keep their neighbours safe by firefighting and through search and rescue. From flooding in Nova Scotia to hurricanes hitting

Newfoundland and Labrador, to fires in British Columbia, the Prairies, and the North, these remarkable volunteers have gone beyond the call of duty over the past few years.

The Volunteer Firefighters Tax Credit and the Search and Rescue Volunteers Tax Credit are there to support the service of remarkable Canadians and encourage more people to do this critical, lifesaving work. From West Hants, Nova Scotia to Ucluelet, British Columbia, volunteer first responders are often the only first responders of their kind in small communities. As Canada grows, and climate change increases the number and severity of natural disasters, we need more people volunteering alongside them to meet rising demand in growing communities.

- Budget 2024 announces the government's intention to amend the *Income Tax Act* to increase the tax credits, from \$3,000 to \$6,000, in recognition of the important role played by these volunteers in contributing to the security and safety of Canadians. Enhancing the tax credits will provide these essential volunteers with up to an additional \$450 back on their taxes, at an estimated cost to government of \$105 million over six years, starting in 2023-24.

### **Volunteer Firefighters and Search and Rescue Volunteers Tax Credits**

The Volunteer Firefighters Tax Credit and the Search and Rescue Volunteers Tax Credit allow individuals who performed at least 200 hours of combined volunteer service during the year as a volunteer firefighter or a search and rescue volunteer to claim a 15-per-cent non-refundable tax credit based on an amount of \$3,000.

Budget 2024 proposes to double the credit amount for the Volunteer Firefighters Tax Credit and the Search and Rescue Volunteers Tax Credit to \$6,000. This would increase the maximum tax relief to \$900. This enhancement would apply to the 2024 and subsequent taxation years.

### **More Support for Firefighting Training**

Canada is facing more frequent and more extreme wildfires, and this trend will continue as climate change causing intensifying wildfire seasons. Equipping

responders with advanced skills tailored for modern wildfire scenarios strengthens our capacity to mitigate risks and protect Canadians and critical assets.

- Budget 2024 proposes to provide \$800,000 to Natural Resources Canada in 2024-25 to continue to partner with the International Association of Fire Fighters to help build wildfire fighting capacity and enhance training best practices, with a focus on the wildland-urban interface. This builds on existing funding to support the federal government's commitment to train 1,000 wildland firefighters.

### Protecting Children from Online Harm

Social media is simply a fact of life today; it is with us in our pockets, wherever we go. While online platforms offer connection, social media is also becoming increasingly filled with hate and risks of harm. And our children are spending more and more time online.

Social media and other online platforms need to do more to keep our children safe from being deceived, exploited, and taken advantage of by those with malicious motives. No child should ever fall victim to bullying, threats, or predators, but online platforms are failing to protect our children from known harms that exist online. Online platforms are failing to protect our most vulnerable, and must do more to ensure harmful content is not being prioritized and served to our children. We must ensure online platforms are safe places that enable the participation, connection, and freedom of expression of all Canadians, particularly the youngest generations.

- Budget 2024 proposes to provide \$52 million over five years, starting in 2024-25, with \$2.1 million in remaining amortization, to Canadian Heritage and the Royal Canadian Mounted Police to protect children, and all Canadians, by subjecting large online platforms to a duty to act responsibly, ensuring that the platforms are reducing a user's exposure to harmful content online and by creating a Digital Safety Commission to ensure this duty is being adequately met. The government will also establish a Digital Safety Ombudsperson to be a resource and advocate for users and victims of online harm.
- Budget 2024 also proposes to provide \$2.5 million in 2024-25 to Public Safety Canada to support the important work of the Canadian Centre for Child Protection in preventing and responding to online child sexual

exploitation, of which \$1.5 million will be sourced from existing resources.

### Kids Help Phone

The mental health challenges facing young people, particularly Gen Z, have only grown more complex in recent years, whether it is from problems at home, online, or at school. Their emotional and mental health needs require a competent, understanding, and sympathetic ear.

Kids Help Phone is Canada's only 24/7 e-mental health service offering free, confidential support to young people in English and French, and 100 other languages. Because every child deserves the best start in life, the government is investing to ensure Kids Help Phone is there for any younger Canadian that needs it.

- Budget 2024 proposes to provide \$7.5 million over three years, starting in 2024-25, to the Public Health Agency of Canada to support Kids Help Phone in their work providing mental health, counselling, and crisis support to young people.

### Future of Sport in Canada Commission

For young people, playing sports is a part of life. It is not just about being active and healthy, it's about being on a team, having a group of friends, and discovering the excellence that you're capable of achieving. For some, that can lead them to competitive leagues and high-level training that means being away from their families for hours, if not weeks at a time. No matter the level of competition, as young athletes train, they must always be safe.

Shocking evidence and allegations of sexual abuse and unsafe environments in Canadian competitive sports have brought to light a culture that has left young athletes at risk. This is absolutely unacceptable. A thorough review of sports in Canada is needed to protect young Canadians, and ensure they can safely participate in, and enjoy, their favourite sports.

The Minister of Sport and Physical Activity announced the Future of Sport in Canada Commission on December 11, 2023, to engage and seek input from the sport community and make recommendations to improve safety in sport.

- Budget 2024 proposes to provide \$10.6 million over two years, starting in 2024-25, to Canadian Heritage, to support the operations of the Future of Sport in Canada Commission in its review of the Canadian sport system.

### **Addressing the Overdose Crisis in Municipalities and Indigenous Communities**

Too many Canadians have been lost to the ongoing overdose crisis facing communities from coast to coast to coast. Increasing drug toxicity and high opioid-related death rates remain urgent public health concerns across the country. The overdose crisis and toxic illegal drug supplies take the lives of an average of 22 Canadians per day—many of whom are experiencing homelessness and acute mental health needs.

- Building on historic health care investments, including in mental health and substance use, Budget 2024 proposes to provide \$150 million over three years, starting in 2024-25, to Health Canada for an Emergency Treatment Fund, open to municipalities and Indigenous communities to help provide rapid responses to emergent, critical needs related to the opioid crisis.

### **More Community Centres**

Community facilities, like libraries, cultural and community centres, and recreation facilities, are essential spaces for social interaction where Canadians can come together as neighbours. Recreation facilities help people build healthier lives, improving well-being and longevity. Libraries build literacy and learning, especially for young minds, and provide internet access for people with low incomes who can't afford it at home.

The Green and Inclusive Community Buildings program is providing \$1.5 billion to support green and accessible retrofits and upgrades of existing public community facilities, as well as the construction of new publicly-accessible community facilities across Canada.

The program is investing in projects like the retrofit of the Connections Early Years Family Centre in Windsor to make it more accessible and energy efficient, and an upgraded, energy efficient Band Office and daycare facility in Kapawe'no First Nation in Alberta.

- Budget 2024 proposes to provide \$500 million over five years, starting in 2024-25, to Infrastructure Canada to support more projects through the Green and Inclusive Community Buildings program.

## Anti-Money Laundering and Anti-Terrorist Financing

Criminal and terrorist organizations continually look for new ways to perpetrate illicit activities. Canada needs a robust legal framework that keeps pace with evolving financial crimes threats.

To combat money laundering, terrorist financing, and sanctions evasion, Budget 2024 announces:

- The government intends to introduce legislative amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), the *Criminal Code* the *Income Tax Act*, and the *Excise Tax Act*.
  - Proposed amendments to the PCMLTFA would:
    - Enhance the ability of reporting entities under the PCMLTFA to share information with each other to detect and deter money laundering, terrorist financing, and sanctions evasion, while maintaining privacy protections for personal information, including an oversight role for the Office of the Privacy Commissioner under regulations;
    - Permit the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to disclose financial intelligence to provincial and territorial civil forfeiture offices to support efforts to seize property linked to unlawful activity; and, Immigration, Refugees and Citizenship Canada to strengthen the integrity of Canada's citizenship process;
    - Enable anti-money laundering and anti-terrorist financing regulatory obligations to cover factoring companies, cheque cashing businesses, and leasing and finance companies to close a loophole and level the playing field across businesses providing financial services;
    - Allow FINTRAC to publicize more information around violations of obligations under the PCMLTFA when issuing

- administrative monetary penalties to strengthen transparency and compliance; and,
- Make technical amendments to close loopholes and correct inconsistencies.
- Proposed amendments to the *Criminal Code* would:
  - Allow courts to issue an order to require a financial institution to keep an account open to assist in the investigation of a suspected criminal offence; and,
  - Allow courts to issue a repeating production order to authorize law enforcement to obtain ongoing, specified information on activity in an account or multiple accounts connected to a person of interest in a criminal investigation.
- Proposed amendments to the *Income Tax Act* and *Excise Tax Act* would:
  - Ensure Canada Revenue Agency officials who carry out criminal investigations are authorized to seek general warrants through court applications, thereby modernizing and simplifying evidence gathering processes and helping to fight tax evasion and other financial crimes.

### International Humanitarian Assistance

As a result of the worsening climate crisis, violent conflict, and economic shocks, more people around the world are in urgent need of help than ever before.

Canada has a long history of taking action to support humanitarian efforts around the world. Our government is committed to helping lift up the most vulnerable, preventing overlapping crises from worsening, and promoting a more inclusive future for everyone. The stability of Canada's democracy, and democracy around the world, depends upon it.

- To respond to increasing international humanitarian assistance needs, Budget 2024 proposes to provide an additional \$350 million over two years, beginning in 2024-25, to Global Affairs Canada to enhance Canada's ability to respond to large-scale and deteriorating humanitarian crises around the world.

### Sustainable Growth in Latin America and the Caribbean

Attracting private capital is essential to sustainable economic growth in developing countries, the kind of growth that creates good jobs, supports communities, and fosters greater stability. IDB Invest is the private sector arm of the Inter-American Development Bank and it is a leader in fostering economic growth and social inclusion in Latin America and the Caribbean.

In March 2024, IDB Invest Governors approved a US\$3.5 billion general capital increase to mobilize greater volumes of private capital towards tackling climate change and reducing poverty and inequality.

- Budget 2024 proposes to provide up to an estimated \$146.3 million (US\$106.8 million) over five years to Global Affairs Canada, starting in 2027-28, to purchase Canada's allocated shares in IDB Invest, which will catalyze private sector financing to support clean economic growth and create economic opportunities for women in Latin America and the Caribbean.

### **Leadership on Women's Rights and Gender Equality**

As part of its Feminist International Assistance Policy, Canada made a ten-year commitment to advance the health and rights of women and girls around the world. The Ten-Year Commitment to Health and Rights (2020-2030) is a bold and ambitious commitment to increase Canada's global health and rights funding to \$1.4 billion per year, beginning in 2023. Half of this funding is dedicated to sexual and reproductive health and rights. This commitment drives progress to address critical, unmet needs to improve global health and strengthen human rights. Projects supported by this funding include:

- Nutrition International, which enabled teachers to deliver weekly iron and folic acid supplements to over 2 million adolescent girls, averting thousands of cases of anemia and helping girls to stay in school.
- Profamilia, which delivered a comprehensive sexuality education model to over 10,300 adolescents in eight municipalities of Colombia.

In March 2023, the Organisation for Economic Co-operation and Development (OECD) ranked Canada as the top donor by share of assistance supporting gender equality and the empowerment of women and girls for 2022. This was Canada's fourth consecutive year at the top of the rankings.

## Standing Up for LGBTQI+ Rights Around the World

Canada was one of the first countries in the world to legalize same-sex marriage, and we continue to make progress in advancing the rights and protections of our vibrant 2SLGBTQI+ communities here at home. But, these same rights and freedoms are not enjoyed by people in other countries.

Since 2015, Canada has been at the forefront of defending LGBTQI+ rights around the world. Today, 65 international jurisdictions still criminalize same-sex sexual activity, including 11 jurisdictions where the death penalty can be applied, fuelling anti-LGBTQI+ hate, persecution, discrimination, and violence. Canada stands up for, protects, and promotes the human rights of LGBTQI+ people at home and around the world.

In February 2019, Canada announced its new LGBTQI+ International Assistance Program to advance human rights and improve socio-economic outcomes for LGBTQI+ people in developing countries. Through this program, the government is providing \$30 million in dedicated funding over five years, and \$10 million every year thereafter.

In 2021-22 and 2022-23, the LGBTQI+ International Assistance Program funded six projects that helped support human rights in 33 countries:

- \$3.5 million to Oikos to support five human rights organizations to advance the economic, political, and social empowerment of LGBTQI+ communities in Central America;
- \$2.4 million to the APCOM Foundation to help local LGBTQI+ organizations throughout Southeast Asia to improve their organizational capacity and support for local LGBTQI+ people;
- \$1.6 million to the World Bank to support their work on LGBTQI+ inclusion;
- \$1.1 million to ILGA World to advance their research and capacity building work in support of global LGBTQI+ movements;
- \$450,000 for Égides to strengthen sexual and reproductive health and rights for LGBTQI+ women and girls in West Africa; and,
- \$1 million to other organizations to support advocacy and capacities to advance the human rights of LGBTQI+ persons and provide emergency support for LGBTQI+ communities facing discrimination and violence.

At a time of rising anti-LGBTQI+ hate around the world, these investments enable Canadian LGBTQI+ organizations to collaborate with partners in developing countries, support local organizations and equality movements, and invest in multilateral initiatives that contribute to policy, advocacy, and research efforts. Canada will continue to play a leading role in standing up for a brighter, more inclusive future for LGBTQI+ people at home and around the world.

### **Automatic Tax Filing for Low-Income Canadians**

Canadians should be able to easily and quickly receive the benefits to which they are entitled. However, lower-income Canadians, as well as younger Canadians, may not receive their benefits—such as the Canada Child Benefit and Canada Carbon Rebate which make life more affordable—because of the difficulty of filing a tax return.

In February 2024, the Canada Revenue Agency (CRA) increased the number of eligible Canadians for SimpleFile by Phone (formerly File My Return) to 1.5 million people, more than double the number of people eligible last year. The CRA is on track to increase this number to two million by 2025.

- In summer 2024, the CRA will pilot new automatic filing services, SimpleFile Digital and SimpleFile by Paper, to help more Canadians who do not currently file their taxes receive their benefits.

The CRA will engage leading experts and industry to identify further opportunities to help more Canadians receive the benefits designed to support them. CRA will provide an update on this work in fall 2024.

#### *Automatic tax filing pilot*

Johnny lives in Manitoba and has never filed a tax return, and as a result is missing out on benefits such as the GST Credit, Canada Carbon Rebate, provincial rent credits, and possibly others that help make life more affordable.

Johnny's primary source of income is social assistance, which means he may be invited to participate in the *SimpleFile* pilot. Johnny would not have to fill out complex forms. The CRA would use the information it has on hand for him and his responses to a series of short simple questions, including information on his rent payments which the CRA does not otherwise have, to complete and file his tax return, thereby unlocking the government support to which he is entitled.

## Withholding for Non-Resident Service Providers

Existing income tax rules require a person who pays a non-resident for services provided in Canada to withhold 15 per cent of the payment and remit it to the Canada Revenue Agency (CRA). This acts as a pre-payment of any Canadian tax that the non-resident may ultimately owe. Canada generally taxes non-residents on their income from carrying on business in Canada. However, many non-resident service providers do not ultimately owe Canadian tax either because they do not have a permanent establishment in Canada under an applicable tax treaty, or because the service is international shipping or operating an aircraft in international traffic, both of which are generally exempt from Canadian tax.

Non-resident service providers with no Canadian tax liability may apply to the CRA for an advance waiver of the withholding requirement for a specific planned transaction. Alternatively, they may apply for a refund of the withheld amounts. However, many non-resident service providers instead pass the cost of the withholding requirement on to the payors. This increases costs for Canadians.

Budget 2024 proposes to provide the CRA with the legislative authority to waive the withholding requirement, over a specified period, for payments to a non-resident service provider if either of the following conditions are met:

- the non-resident would not be subject to Canadian income tax in respect of the payments because of a tax treaty between its country of residence and Canada; or
- the income from providing the services is exempt income from international shipping or from operating an aircraft in international traffic.

This proposal would allow the CRA to waive the withholding requirement on multiple transactions with a single waiver, subject to any conditions and information requirements necessary to reduce compliance risks.

This measure would come into force on royal assent of the enacting legislation.

[www.CanadianCharityLaw.ca](http://www.CanadianCharityLaw.ca)

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