

REGISTERED CHARITIES & ADVOCACY: UNDERSTANDING THE LIMITS

OCASI SCHOOL OF SOCIAL JUSTICE October 6, 2015

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GUIDING PRINCIPLE

“Through their dedicated delivery of essential programs, many charities have acquired a wealth of knowledge about how government policies affect people's lives. Charities are well placed to study, assess, and comment on those government policies. Canadians benefit from the efforts of charities and the practical, innovative ways they use to resolve complex issues related to delivering social services. Beyond service delivery, their expertise is also a vital source of information for governments to help guide policy decisions. It is therefore essential that charities continue to offer their direct knowledge of social issues to public policy debates.”

**Canada Revenue Agency, *CPS-022, Policy Statement, Political Activities*
(September 2, 2003)**

GOALS

*** STAYING ONSIDE OF THE CRA RULES ***

- The Relationship between Charitable Purposes / Activities and Political Activities
- What are Political Activities
- What types of Political Activities are permitted
- Special Rules

OVERVIEW

- First Principles – Charitable Purposes and Activities
- Prohibited Activities
- Defining Political Activities
- Permitted Political Activities
- Charitable Activities
- Summary
- Resources

PURPOSES & ACTIVITIES

- Purposes = objective(s) organization created to achieve
 - must be exclusively charitable
- Charitable Purposes
 - Relief of poverty
 - Education
 - Religion
 - Other purposes beneficial to the community

PURPOSES & ACTIVITIES

- Other Purposes Beneficial to the community
 - why not political purposes?
- Bowman v Secular Society (1917)
 - “political objects [purposes] have always been held invalid ... because the Court has no means of judging whether a proposed change in the law will or will not be for the public benefit”

PURPOSES & ACTIVITIES

➤ Activities

- not defined under Income Tax Act
- what the organization does on day-to-day basis

➤ 3 Categories (CRA):

- Prohibited Activities – 0%
- Charitable Activities – 90+%
- Political Activities – 10% (maybe)

PROHIBITED ACTIVITIES

- 0%
- Partisan political activity
- Devoting resources (financial or otherwise) to parties or candidates
- Illegal activity

POLITICAL ACTIVITIES – What’s “political”?

- Any public activity that tries to change, retain or oppose a law, decision or policy of any government
 - a public call to action to put pressure on public official to change law/policy or decision
 - explicit communications to the public that a change to law/policy or decision should be made
 - Seemingly neutral public action, where materials evidence the purpose of the activity is to change law/policy or decision
- Gifts to Qualified Donee intended to support recipient’s political activities

POLITICAL ACTIVITIES

Charitable Organization = “all resources devoted to charitable activities”

Limited Exception for permissible Political Activities

- Rule (subsection 149.1(6.2) ITA)
 - political activities cannot be partisan
 - political activities must be ancillary and incidental
 - substantially all of resources to charitable activities (the 10% Rule)

POLITICAL ACTIVITY – the 10% Rule

- The 10% Rule
 - “Substantially All” means at least 90%
- Exceptions to 10% Rule
 - annual income < \$50,000 (20%)
 - annual income > \$50,000 & < \$100,000 (15%)
 - annual income > \$100,000 & < \$200,000 (12%)

POLITICAL ACTIVITY – ancillary and incidental

- Ancillary = connected
- Incidental = subordinate

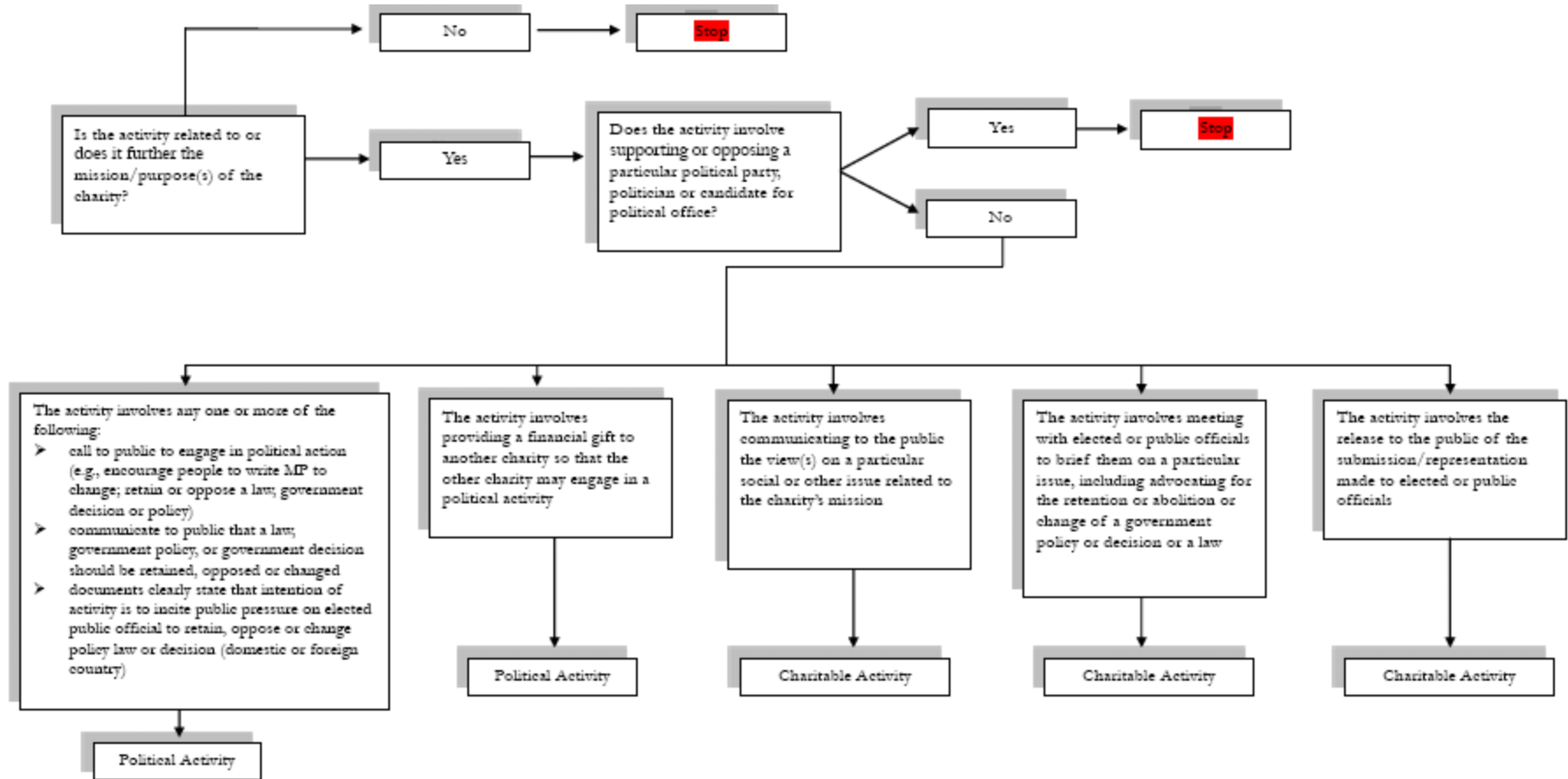
POLITICAL ACTIVITY - Reporting

- keep track of political activity
- report spending on political activity (T3010)
- includes gift to qualified donees intended for political activity
- 10%

CHARITABLE ACTIVITIES

- Foster Public Awareness about Charity's Work or Issue
- Private communications with an Elected or Public Officials
- Public Release of Representation to Government Officials (except if include a Call to Political Action)

SUMMARY



RESOURCES

- Canada Revenue Agency, *Resources for Charities about Political Activities* <http://www.cra-arc.gc.ca/chrts-gvng/chrts/cmmnctn/pltcl-ctvts/menu-eng.html>
- Canada Revenue Agency, *CPS-022, Policy Statement, Political Activities* (September 2, 2003) <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-022-eng.html>
- Canada Revenue Agency, *CG-001, Guidance, Upholding Human Rights and Charitable Registration* (May 15, 2010) <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/hmn-rghs-eng.html#upholdinghumanrights>
- Canada Revenue Agency, *CPS-023, Policy Statement, Applicants Assisting Ethnocultural Communities* (June 30, 2005) <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-023-eng.html>

QUESTIONS

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THANK YOU

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