



RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION NO.: **421-03479**

BY: **MR. RANKIN (VICTORIA)**

DATE: **MAY 1, 2019**

PRINT NAME OF SIGNATORY: **JENNIFER O'CONNELL**

Response by the Minister of Finance

SIGNATURE

Minister or Parliamentary Secretary

SUBJECT

Tax system

ORIGINAL TEXT

REPLY

Under the *Income Tax Act* (ITA), a religious organization may benefit from an exemption from taxation on its income if it meets certain requirements so as to be considered either a non-profit organization (NPO) or a registered charity.

NPOs receive tax-exempt status in recognition of the important role they play in Canadian society – often filling a gap between the private and public sectors. To qualify, an NPO must be organized and operated exclusively for social welfare, civic improvement, pleasure or for any other purpose except profit. Generally, the activities of NPOs are expected to be directed toward shared community goals rather than individual gain. In this spirit, the ITA prohibits any part of the income of NPOs from being payable or otherwise available for the personal benefit of their proprietors, members or shareholders. A wide variety of organizations are established as NPOs, including certain religious and quasi-religious societies, fraternal organizations, social clubs, professional societies and business associations.

Registered charities are also exempt from income tax. In recognition of the valuable services they provide to Canadians, and to encourage public support for their activities, charities are also able to issue official donation receipts for any gifts that they receive. An organization may be registered as a charity provided that it is established exclusively for charitable purposes and devotes all of its resources to the furtherance of those purposes.

The ITA does not define the concept of charity; rather, the concept has gradually evolved over the past 400 years through judicial decisions and precedent, into its modern day form. According to the courts, charitable purposes include the relief of poverty, the advancement of religion and education, and certain other purposes recognized by the courts as charitable, such as the promotion of health or protection of the environment. Today, there are over 85,000 registered charities in Canada representing a myriad of different causes, beliefs and interests. In a pluralistic country such as Canada, not every citizen will agree with the objectives and views of every charity.

Registration as a charity does not imply federal government approval of any particular organization. The government provides the benefits of registration (e.g., exemption from income tax and authority to issue receipts) to any organization that meets the legal definition of charity, as established by the courts. These benefits are available to a wide-range of publicly and privately established educational, religious and social institutions.