



A registered charity is a charitable organization approved and registered by the Canada Revenue Agency (CRA).

A Registered Charity

- devotes **substantially all** its resources to its stated charitable purposes
- issues complete and accurate **donation receipts**
- meets annual spending requirements (called **disbursement quota**)
- maintains proper **books and records**
- files its annual **T3010** information return accurately and on time
www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/flngb-eng.html
- engages in **allowable activities**, for example, does not support terrorism
- complies with the **CRA's** Fundraising Guidance and **provincial** legislation
- maintains its status as a legal entity

www.charitycentral.ca/site/?q=node/36

For information on how to apply to become a registered charity, see
www.cra-arc.gc.ca/tx/chrts/pplyng/htply-eng.html

But Is It “Charitable”?

- A registered charity cannot engage in **partisan political** activities.
www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-022-eng.html
- Engaging in **foreign activities** calls for compliance with certain CRA requirements.
www.cra-arc.gc.ca/E/pub/tg/rc4106/rc4106-e.html
www.ccic.ca
- Registered charities, except for private foundations, are permitted to carry on **related businesses** as long as certain criteria are met. Unrelated businesses are prohibited.
www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-019-eng.html
- The CRA uses a series of measures to help registered charities with their tax compliance. These measures range from explaining the law to revoking their charitable status.
www.cra-arc.gc.ca/tx/chrts/prtng/cc-eng.html

More Questions?

Charity Central, a project of the Legal Resource Centre of Alberta is designed to help Canada’s registered charities understand their responsibilities under the Income Tax Act.

If you have more questions after reading the references listed here, you may contact us at

Charity Central

Legal Resource Centre

201, 10350 124 Street

Edmonton, Alberta T5N 3V9

Email: info@charitycentral.ca

Phone: 780-822-7626

Helpline: 1-888-587-4438 (Toll free in Alberta)

What Our Users Are Saying

“This is a great service!!”

“Your Fast Facts chart on Fundraising and Tax Receipts is very clear. I have been using it with my group.”

Disclaimer: Please note that the Legal Resource Centre and Charity Central DO NOT provide legal advice or answer specific legal questions. Visit our websites at www.legalresourcecentre.ca and www.charitycentral.ca for law-related information sources.

Your Registered Charity and Tax Law



Legal Resource Centre

Charity Central is made possible with a financial contribution from the Canada Revenue Agency.

Canada Revenue Agency / Agence du revenu du Canada

Canada

Charity  **Central**
Your Guide Through Charity Law

www.charitycentral.ca

Only registered charities can issue donation receipts for tax purposes.

Issuing Tax Receipts

Things to remember when issuing donation receipts:

- Gifts or donations involve transfer of property.
www.charitycentral.ca/site/?q=node/70
- Donation receipts can be issued for gifts in cash and gifts in kind.
www.charitycentral.ca/site/?q=node/5
- The CRA requires certain items on the official donation receipts you issue.
See sample receipts at
www.charitycentral.ca/site/?q=node/309
- For non-cash gifts, official tax receipts cannot be issued without knowing the fair market value of the gift.
www.charitycentral.ca/site/?q=node/81
- Certain gifts in kind (for example, fine art or protected environment) have specific rules.
www.charitycentral.ca/site/?q=node/50

Ins and Outs of Issuing Tax Receipts

- **Services** are not considered property. So, a donation of services is not considered a gift.
www.charitycentral.ca/site/?q=node/350
- If a donor **receives something in return** as a result of a donation, you must follow certain rules to determine the eligible amount on the donation receipt.
www.charitycentral.ca/site/?q=node/55
- The disbursement quota specifies the annual spending requirements of your registered charity based on the amount of **receipted gifts** in the previous year.
www.charitycentral.ca/site/?q=node/504
- Issuing donation receipts from **fundraising events** involves some special considerations.
www.charitycentral.ca/site/?q=node/88
- Your registered charity **does not always** have to issue official tax receipts.

Keeping Books and Records

Your registered charity must keep its books and records

- at the address you registered with the CRA
- in print or electronic format
www.charitycentral.ca/site/?q=node/459
- in English or French
- accessible to the CRA for review
- maintained for a certain period of time as specified by the CRA
www.charitycentral.ca/site/?q=node/463

Fast Facts—Books & Records: Length of Retention is available at
www.charitycentral.ca/site/docs/FastFacts_BandR_Length_final.pdf

Registered Charities need to create and maintain books and records according to tax requirements.

Fundraising is any activity including research and planning that asks for donations of support in cash or in kind, with or without tax receipts.

Your Registered Charity

- can engage in fundraising activity as long as fundraising **does not become the main object** of the charity
- has to comply with both **CRA Fundraising Guidance** and any **provincial** fundraising legislation
- is responsible for all fundraising activities carried out by staff, volunteers and third party contractor
- has to report fundraising financial information on T3010B
- should ensure that fundraising arrangements do not provide disproportionate benefits to the third party contractor or staff

www.charitycentral.ca/site/?q=node/487

Read the CRA's Fundraising Guidance to learn more about

- the difference between charitable and fundraising expenses
- unacceptable and illegal practices
- reasonable fundraising revenue-to-cost ratios
- identifying signs of best practices

CRA - Fundraising by Registered Charities
www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-028-eng.html