

Legal Requirements for Non-Profit Organizations and Registered Charities

Both registered charities and non-profit organizations must comply with certain requirements under the *Income Tax Act*. Each province has laws that focus on the legal structure, fundraising and operations of charitable organizations (including those formed as trusts or holding trust assets). In some cases, registered charities or non-profit organizations may be constituted under federal legislation or subject to other federal laws. The charitable sector is very diverse and the associated legal requirements for each entity vary. It is not possible to identify all areas of legislation that groups should be aware of. But there are some common areas that can get you started.

For Registered Charities

- Legal requirements under the *Income Tax Act*

This includes annual reporting, compliance obligations with respect to issuing of donation receipts, maintaining books and records and devoting all the entity's resources to charitable work (aspects of the charity's operations not directly related to undertaking charitable work, such as fundraising, administration and management and political activities must meet certain criteria to be permissible).

See CRA's Resource Manual on the necessary information to maintain the registered charity status at www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/toolbox-directors-officers-volunteers/maintaining-charitable-registration.html

For all charitable organizations

- Federal Goods and Services Tax/ Harmonized Sale Tax and Provincial sale taxes;
- Business registration;

- Source deduction of payroll taxes, as well as filing and reporting requirements related to Employment Insurance, Canada/Quebec Pension Plan, workers compensation and other provincial levies;

Visit CRA website at www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/calculating-deductions.html

- Provincial legislation, typically relating to maintaining the legal status of the entity (may also be federal) and fundraising;

The CRA website lists the contact for each provincial government mainly in the area of legal structure and fundraising. Visit www.canada.ca/en/revenue-agency/services/charities-giving/charities/provincial-territorial-government-information-charities.html

Imagine Canada Charity Tax Tools website has a list of provincial legislation focused on charities at www.charitytax.imaginecanada.ca/topics/other-requirements/requirements-other-legislation/legislation-focused-charities

- Payroll and other payment for services due to employees and other service providers; (Sec. 146, SC2009, C23 Canada Not for Profit Corporation Act) and Alberta *Companies Act*.
- With reference to the operations of the entities, groups with employees should be aware of the provincial laws relating to employment and, where applicable, other areas such as human rights and privacy legislation.