

# Charity Update

Presented by  
Albert Foster, CGA

# Foreign Activity

- Only 3 ways to donate to foreign country
  - Agency Agreement
  - Joint Ministry Agreement
  - Employee

## Declaration of Not Being an Ineligible Individual

as Defined in Subsection 149.1(1) of the Income Tax Act, RSC 1985, c. 1 (5th Supplement)

I, (name of individual), serving in the capacity of (director, trustee, officer, chief executive officer, etc.) with (name of organization) registered with Canada Revenue Agency as (BN/Registration Number), declare that I am not an ineligible individual by affirming all of the following statements:

1. I do not have an unpardoned criminal record either in Canada or internationally, involving financial dishonesty, tax evasion, theft, fraud, or other offences involving breaches of the public trust; and
2. In the previous five years, I have not been found guilty of a relevant offence either in Canada or internationally. Relevant offences involve financial dishonesty contravening any noncriminal laws such as breaches of legislation for charitable fundraising, consumer protection, or securities regulation; and
3. In the previous five years I have not been a director, trustee, officer, like official, or an individual who controlled or managed either directly or indirectly in any manner whatever, a registered charity during which time the charity engaged in conduct which resulted in the registration of the charity being revoked; and
4. In the previous five years I have not been a promoter of a tax shelter for which involvement the registration of a charity was revoked.

I acknowledge that any dishonesty on my part as to the truth of this declaration:

- may result in a one-year suspension of (name of charity) to issue official receipts as authorized by Canada Revenue Agency; or?
- may result in the charitable status of (name of charity) being revoked by Canada Revenue Agency; and
- will result in the immediate termination of my role with (name of charity), whether I am an employee or volunteer.

# HST

- Effective July 1, 2010
- GST up to June 30 – 5%
  - File GST Rebate up to June 30
- HST from July 1
  - BC – 12%
  - Ontario – 13%
  - Others remain
- If a Provincial Exempt item has GST it will now be subject to HST
- Rebate
  - Currently receive 50% of GST 5%
  - Under HST
    - Atlantic Provinces – 50% of HST

# HST Rebate

- Atlantic Provinces 50%
- Ontario – Split
  - GST 50%
  - PST Portion 82%
- BC – Split
  - GST 50%
  - PST 52%

# Clergy Residency Deduction

## 1. Status Test

- Member of Clergy

## 2. Function

- Minister of Congregation Etc.
- Full time administration

Complete T1223

New Rule

- Now the total Income is subject to Income Tax at the source
- Complete Request to reduce tax deductions at source – Form T1213

# Clergy Residency Deduction cont...

## Form T1213

- Filed Annually
- File by October or November

## Recap

### If no T1213 filed

- EI & IT on total income
- CPP on total income less clergy residence deduction claimed

### If T1213 completed and certificate received

- EI on total income
- CPP on total income less clergy residence deduction claimed



**REQUEST TO REDUCE TAX DEDUCTIONS AT SOURCE FOR YEAR(S) \_\_\_\_\_**

- Use this form to ask for reduced tax deductions at source for any deductions or non-refundable tax credits that are not part of the Form TD1, *Personal Tax Credits Return*.
- All your income tax returns that are due have to be filed and amounts paid in full before you send us this form.
- You usually have to file this request every year. However, if you have deductible support payments that are the same or greater for more than one year, you can make this request for two years.
- Send the completed form with all supporting documents to the Client Services Division of your tax services office. You can find the addresses on our Web site at [www.cra.gc.ca/tso](http://www.cra.gc.ca/tso) or by calling us at 1-800-959-8281.
- We will notify you in writing within four to eight weeks whether or not we approve your request.

<b>Identification</b>				
First name		Last name		Social Insurance Number
Address				
City	Province or territory	Postal code	Residence	Telephone Business
<b>Employer Name</b>		Contact person	Telephone and fax numbers	
Address				
<b>Request to reduce tax on</b>				
<input type="checkbox"/> Salary <input type="checkbox"/> Lump sum – if lump sum, give payment amount and details (for example, a bonus or vacation pay)				
\$ _____				
<b>Deductions from income and non-refundable tax credits</b>				
Registered retirement savings plan (RRSP) contributions .....				\$ _____
<ul style="list-style-type: none"> <li>• Give details or a copy of the payment arrangement contract</li> <li>• Do not include contributions deducted from your pay by your employer</li> </ul>				
Child care expenses .....				\$ _____
<ul style="list-style-type: none"> <li>• Give details on a separate sheet</li> </ul>				
Support payments .....				\$ _____
<ul style="list-style-type: none"> <li>• Attach a copy of your court order or written agreement and Form T1158, <i>Registration of Family Support Payments</i> (if not previously filed);</li> <li>• Recipient's name and social insurance number: _____</li> </ul>				
Employment expenses .....				\$ _____
<ul style="list-style-type: none"> <li>• Attach a completed Form T2200, <i>Declaration of Conditions of Employment</i>, and Form T777, <i>Statement of Employment Expenses</i>.</li> </ul>				
Carrying charges and interest expenses on investment loans .....				\$ _____
<ul style="list-style-type: none"> <li>• Attach a copy of statements from the lender confirming the purpose and amount of the loan(s) and the interest payments to be made in the year</li> </ul>				
Other (for example, charitable donations or rental losses) .....				\$ _____
<ul style="list-style-type: none"> <li>• Attach all supporting documents. Use a separate sheet to give details if necessary.</li> </ul> Specify: _____				
<b>Total amounts to be deducted from income</b>				\$ _____
<b>Subtract income not subject to tax deductions at source</b> (interest, net rental or self-employed income)				-- _____
<b>Net amount requested for tax waiver</b>				\$ _____
<b>Certification</b>				
I request authorization for my employer to reduce my tax deductions at source based on the information given. I certify that the information given is, to the best of my knowledge, correct and complete.				
Signature _____			Date _____	

# T4 Clergy – Accommodation Not Provided

Assume:

Salary	24,000
Clergy Housing Deduction	10,000

<b>Employer's name – Nom de l'employeur</b> UNITED PENTECOSTAL CHURCH JOE USHER SECRETARY/TREASURER  123 FIRST STREET BC CAN V2X 8K9  Payroll Account Number (15 char.) Numéro de compte de retenues (15 car.) 54 123456789RP0001  Social insurance number Numéro d'assurance sociale 12 000-000-000  <b>Employee's name and address – Nom et adresse de l'employé</b> Last name (in capital letters) – Nom de famille (en lettres majuscules) First name – Prénom Initials – Initiales PREACHER, JOHN  123 FIRST STREET ANYCITY BC V2X 8K9		Canada Revenue Agency / Agence du revenu du Canada  Year / Année: 2009  <b>T4 STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE</b>  Employment income – line 101 / Revenus d'emploi – ligne 101 14 24,000 00  Province of employment / Province d'emploi: 10 BC Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308 16 519 75  Employee's QPP contributions – line 308 / Cotisations de l'employé au RRC – ligne 308 17  Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312 18 415 20  RPP contributions – line 207 / Cotisations à un RPA – ligne 207 20  Pension adjustment – line 206 / Facteur d'équivalence – ligne 206 52  Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso 55  Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437 22  EI insurable earnings / Gains assurables d'AE 24  CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ 26 14,000 00  Union dues – line 212 / Cotisations syndicales – ligne 212 44  Charitable donations – see over / Dons de bienfaisance – voir au verso 46  RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB 50  PPIP insurable earnings / Gains assurables du RPAP 56  Approval code / Code d'approbation: RC-09-414				
Other information (see over) / Autres renseignements (voir au verso) T4 (09)	Box – Case / Boîte – Case	Amount – Montant	Box – Case / Boîte – Case	Amount – Montant	Box – Case / Boîte – Case	Amount – Montant

BOX 14	Employment Income	24,000
BOX 24	EI Insurable Earnings	BLANK
BOX 26	CPP Pensionable Earnings (24,000 – 10,000)	14,000

# T4 Clergy – Accommodation Provided

Assume:

Salary	9,000
Housing Supplied	15,000
Total Salary	24,000

**Employer's name – Nom de l'employeur**  
 UNITED PENTECOSTAL CHURCH  
 JOE USHER  
 SECRETARY/TREASURER

123 FIRST STREET  
 BC CAN V2X 8K9

Payroll Account Number (15 char.)  
 Numéro de compte de retenues (15 car.)  
 54 123456789R0001

Social insurance number  
 Numéro d'assurance sociale  
 12 000-000-000

Exempt – Exemption  
 CPP/QPP EI PPIP  
 28 29  
 RPC/RRQ AE RPAP

Province of employment  
 Province d'emploi  
 10 BC

Employment code  
 Code d'emploi  
 29

**Employee's name and address – Nom et adresse de l'employé**  
 Last name (in capital letters) – Nom de famille (en lettres majuscules) First name – Prénom Initials – Initiales  
 PREACHER, JOHN  
 123 FIRST STREET  
 ANYCITY BC V2X 8K9

Other information (see over)  
 Autres renseignements (voir au verso)  
 T4 (09)

Canada Revenue Agency Agence du revenu du Canada

Year Année 2009

**T4 STATEMENT OF REMUNERATION PAID ÉTAT DE LA RÉMUNÉRATION PAYÉE**

Employment income – line 101  
 Revenus d'emploi – ligne 101  
 14 24,000 00

Employee's CPP contributions – line 308  
 Cotisations de l'employé au RPC – ligne 308  
 16 272 25

Employee's QPP contributions – line 308  
 Cotisations de l'employé au RRQ – ligne 308  
 17

Employee's EI premiums – line 312  
 Cotisations de l'employé à l'AE – ligne 312  
 18 415 20

RPP contributions – line 207  
 Cotisations à un RPA – ligne 207  
 20

Pension adjustment – line 206  
 Facteur d'équivalence – ligne 206  
 52

Employee's PPIP premiums – see over  
 Cotisations de l'employé au RPAP – voir au verso  
 55

Income tax deducted – line 437  
 Impôt sur le revenu retenu – ligne 437  
 22

EI insurable earnings  
 Gains assurables d'AE  
 24

CPP/QPP pensionable earnings  
 Gains ouvrant droit à pension – RPC/RRQ  
 26 9,000 00

Union dues – line 212  
 Cotisations syndicales – ligne 212  
 44

Charitable donations – see over  
 Dons de bienfaisance – voir au verso  
 46

RPP or DPSP registration number  
 N° d'accréditation d'un RPA ou d'un RPDS  
 50

PPIP insurable earnings  
 Gains assurables du RPAP  
 56

Approval code/Code d'approbation: RC-09-414

Box – Case	Amount – Montant
14	24,000 00
24	
26	9,000 00
30	15,000 00

BOX 14	Employment Income	24,000
BOX 24	EI Insurable Earnings	BLANK
BOX 26	CPP Pensionable Earnings	9,000
BOX 30	Housing Supplied	15,000

# Receipting

Split receipt

Special rules for tax receipting for fundraising

Two rules

1. Advantage
2. De Minimis

Advantage is the amount of donated receipt  
over cost of fundraising

De Minimis says cost can be ignored

# Receipting

## Rule:

If the cost of the fundraising item is greater than \$75 or 10% of the donation you must deduct the cost from the donation receipt. If the cost is greater than 80% of the donation then do not receipt. This is advantage.

If the cost is less than the above then De Minimis says full receipt.

# Receipting

## EXAMPLE

Donation	\$100.00	\$100.00	\$100.00
Cost	<u>9.00</u>	<u>11.00</u>	<u>80.01</u>
Receipt value	\$100.00	\$89.00	\$0.00

# Receipt Requirements

1. Name and address of charity
2. Charity registration number
3. Serial number of receipt
4. Name and address of donor
5. Amount receipt is for
6. What period receipt is for
7. Signature of authorized person from charity
8. Web site of Canada Revenue Agency Charities

## SAMPLE RECEIPT FOR DONATIONS

**ABC CHARITY (Registration # 123456789RR0001)**  
123 Main St., City, Province  
A1A 1A1

0314

**Donor:** John A. Smith  
XYZ Main St.,  
City, Province  
Z9Z 9Z9

**Donation Amount:** \$ 1,000.00  
**Advantage:** \$ 0.00  
**Eligible Amount:** \$ 1,000.00

**Donation(s) received:** 2005  
**Receipt issued:** January 30, 2006  
**Receipt issued in:** City, Province

**Signature:** \_\_\_\_\_

**OFFICIAL RECEIPT FOR INCOME TAX PURPOSES**

**For information on all registered charities in Canada under the Income Tax Act please contact:  
Canada Revenue Agency [www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities)**

# Receipt Requirement

## Gift In Kind

1. All of the information for a regular receipt
2. Day on which donation was received
3. Brief description of the property
4. Name and address of qualified appraiser

### SAMPLE RECEIPT FOR NON-CASH DONATIONS

<b>ABC CHARITY (Registration # 123456789RR0001)</b>		<b>0315</b>
123 Main St., City, Province		
A1A 1A1		
<b>Donor:</b>	<b>John A. Smith</b> XYZ Main St., City, Province Z9Z 9Z9	<b>Donation Amount:</b> \$ 2,300.00 <b>Advantage:</b> \$ 0.00 <b>Eligible Amount:</b> \$ 2,300.00
<b>Donation(s) received:</b>	<b>December 1, 2005</b>	<b>Description of Gift:</b> Office Furniture
<b>Receipt issued:</b>	<b>January 30, 2006</b>	
<b>Receipt issued in:</b>	<b>City, Province</b>	<b>Appraiser:</b> Andy Appraiser 123 Main St., City, Province B3C 1A2
<b>Signature:</b> _____		
<b>OFFICIAL RECEIPT FOR INCOME TAX PURPOSES</b>		
For information on all registered charities in Canada under the Income Tax Act please contact: Canada Revenue Agency <a href="http://www.cra-arc.gc.ca/charities">www.cra-arc.gc.ca/charities</a>		

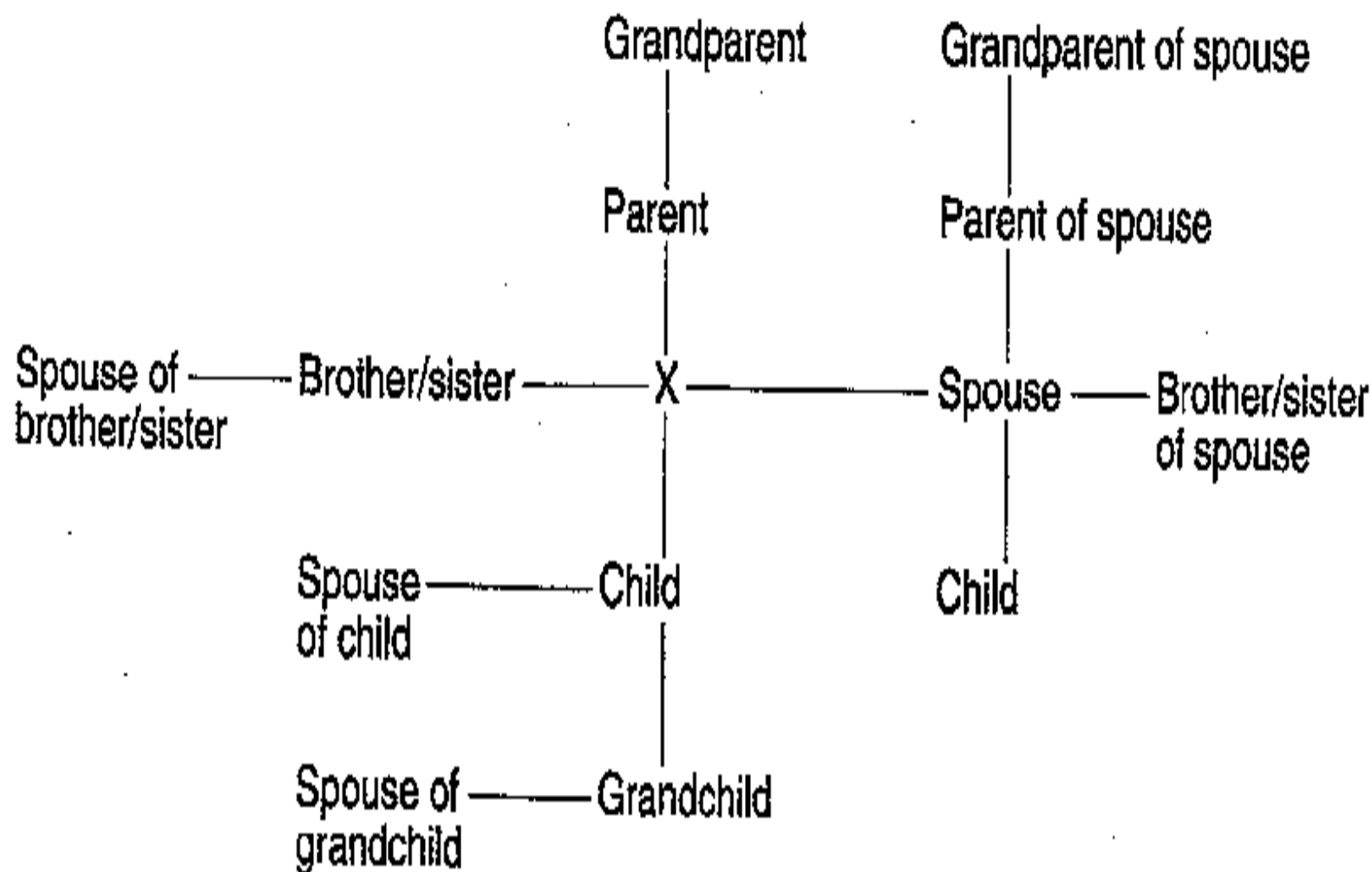
# Church Board and Officers

## Arm's Length Rule

- *When would two directors/trustees/like officials be “not at arm's length”?*

The term “at arm's length” describes a relationship where persons act independently of each other or who are not related. Two individuals are “not at arm's length” when (1) they perform their duties in concert without separate interests (e.g., business partners) or (2) they are related. Related persons are individuals who are related to each other by blood, marriage or common law partnership, or adoption. Examples of related persons who are “not at arm's length” are:

## Non-arm's length relationships



## EXAMPLE – APPLICATION OF THE 50% ARMS LENGTH RULE

	<u>No. of Position</u>	<u>No. of Persons</u>	<u>Eliminate Related Persons**</u>	<u>Persons Eligible to meet test</u>
Society Board A, B,C,D,E, and F (B and C are Father & Son)	6	4*	4	-
Trustees A,F and G (F is the brother of E)	3	3	1	2
Officers				
President	1	1	-	1
Treasurer (Wife of D)	1	1	1	-
Secretary	<u>1</u>	<u>1</u>	-	<u>1</u>
	12	10	6	4

\*EXCLUDES BOARD MEMBERS WHO HOLD OTHER POSITIONS

\*\*RELATED PERSONS

- a. Parent, Grandparent, Great-Grandparent, Child, Grandchild, Great-Grandchild
- b. Brother and Sister
- c. Spouse and persons related to the spouse (i.e. persons described in a & b)

Under the circumstances described in this example only 4 of the 10 persons holding a position of responsibility in the society could be said to deal at arms length with each of the other persons holding.

# Annual Charity Return T3010B

Must be filed within 6 months

Increased compliance action by the CRA

Changes 2009

- Start date of all directors etc T1235
- Small charity filing – section D
- Complete all of section E
  - Tick the boxes at the bottom

# T3010B

## Changes for 2010

- For charities with a year ending on or after March 4, 2010
- Enduring property question dropped
- Attached bulletin on Budget 2010

Questions?

# Contact Information for Albert Foster

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Telephone Home: 604-466-0500

Fax Number: 604-466-5555