

9900795 -- Canada-United States Income Tax Convention

Please note that the following document, although believed to be correct at the time of issue, may not represent the current position of the Department. Prenez note que ce document, bien qu'exact au moment émis, peut ne pas représenter la position actuelle du ministère.

**PRINCIPAL ISSUES:** 1. How to qualify as a charity under paragraph 6 of article XXI of the Canada-US Treaty 2. Whether all exempt entities under 501(c)(3) of the Code qualify under para. 6 of article XXI

**POSITION:** 1. Provide evidence of exemption under 501(c)(3) of the Code. 2. Yes

**REASONS:** 1. Charities Newsletter of 1996 publicized their administrative position re para.6 of article XXI 2. per Susan Mott of Charities.

XXXXXXXXXX 990079 C. Savage Attention: XXXXXXXXXXXX April 21, 1999

Dear Sirs: This is in response to your letter of January 8, 1999 regarding paragraph 6 of article XXI of the Canada-United States Income Tax Convention (the "Treaty"). In particular, you seek information as to how an organization resident in the United States can qualify to receive gifts that will be treated for Canadian tax purposes as gifts to a registered charity. As stated in the Registered Charities Newsletter issued in 1996, under paragraph 6 of article XXI of the Treaty, Revenue Canada will recognize U.S. charities that qualify under section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"). The U.S. charity does not need to apply in Canada, but it may have to show proof that it qualifies under the Code. The department accepts that any organization that qualifies under section 501(c)(3) of the Code will meet the test in paragraph 6 of article XXI of the Treaty of being "an organization ... generally exempt from United States tax and that could qualify in Canada as a registered charity." We trust this will be of assistance.

Yours truly,

for Director Financial Industries Division

Income Tax Rulings and Interpretations Directorate