



Focus on Canadian Charities and Political Activities

By Mark Blumberg (May 2, 2012)

There has been quite a bit of attention focused on political activities by Canadian charities over the last year. While the discussion was initially on environmental groups and the oil pipelines, the focus has started to shift to other types of charities as well as spending by for profit corporations on political issues.

It is important to recognize that while charities are forbidden from being involved in partisan political activities, they play an important role in policy and political discussions. Registered charities can engage in allowable political activities as long as they are non-partisan, related to their legal objects and limited resources are used (generally less than 10% of resources).

These rules are set out in CRA's Guidance on Political Activities (CPS-022) at

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-022-eng.html>

Charities bring knowledge, experience and resources to public policy issues. Having a conversation about the future of health care would be inadequate without hospitals. Having a conversation about education would be insufficient without input from the schools and universities. Having a discussion about legislation relating to religion would be unfortunate without any churches, mosques, temples and synagogues allowed to speak on these issues.

Some subjects, such as reducing impaired driving, are almost impossible to tackle without political changes. The conversations that take place in the political space are important and it is vital that charities participate in those discussions. It would be ineffective and inefficient for charities to be working on improving society without being involved with the political process.

That being said, Canadian charities can certainly improve their reporting on political activities. I have written on T3010 disclosure of political activities and how such disclosure by charities can be improved. Many charities and parliamentarians are unaware or misinformed of these rules and requirements. Enhanced educational initiatives by the CRA will assist charities in understanding their legal obligations with respect to various issues, including political activities. Many charities are misinformed about the rules and think charities must avoid all political activities. When the rules are explained to charities and they realize they can engage in allowable political activities, this may increase the number of charities engaging in political activities to achieve their mission and ultimately this will make charities more engaged in the political process and more effective in achieving their charitable mission.

The 2012 Federal Budget had a number of provisions which directly or indirectly may affect charities and political activities:

- * receipting suspension for incomplete T3010 filings (eg. Not putting in fundraising costs, political activities etc.)
- * more transparency by Canadian charities on foreign grants to Canadian charities earmarked for political activities (but no limits on it)
- * Canadian inter-charity transfers earmarked for political purposes count towards 10 percent allowance of both donor charity and recipient charity.
- * More audits of Canadian charities including for political activities. Currently less than 1% of registered charities are audited per year and the budget allocates greater funds to conduct additional audits.

With the increased scrutiny on political activities I created a new blog category on Canadian charities and political activities at

http://www.canadiancharitylaw.ca/index.php/blog/category/political_activities_and_canadian_charities/

Despite the discussions and media coverage after the release of the 2012 budget, the budget will have little impact on charities and their involvement with the political process. The law as it stands allows registered charities to be involved with allowable political activities and it is important that charities maintain the ability to affect policy and political discussions.

It seems that a Pandora's box has been opened and it will be interesting to see where it goes. However, it is important that Canadian charities who wish to engage in political activities understand and follow the rules - whether environmental groups, "business" think tanks or religious organizations.

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