

**Submission to the Standing Committee on Finance  
RE: Tax Incentives for Charitable Donations**

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## 1. The Canadian Secular Alliance: Organization Profile

- The Canadian Secular Alliance (CSA) is a federally incorporated not-for-profit organization and public policy research organization advancing church/state separation and the neutrality of government in matters of religion. The CSA's goal is not to promote atheism – rather, its commitment is to liberal-democratic principles of equality, fairness, and justice for all under the law, regardless of religious belief or lack thereof.
- The CSA affirms that all citizens in a secular society are free to adopt whatever faith they choose as a matter of personal liberty. It also holds that individual religious freedom is best protected when the state maintains strict neutrality in the religious sphere. Government must not privilege any one religious belief system over others, privilege theism over atheism, or use religious doctrine as the basis for public policy.
- The CSA supports evidence-based policy-making and a fundamental separation of church and state at all levels of government in Canada.

## 2. Recommendation

- The CSA recommends that the Government of Canada remove “advancement of religion” as an eligible charitable activity. This approach has two principal advantages:
  - (1) The tax expenditure savings realized will exceed \$1 billion annually, making any increase in the charitable tax credit amount more revenue-neutral, which is critical given the government's current fiscal situation.
  - (2) It will ensure that any increase in the charitable tax credit helps motivate giving to support real charitable activities (e.g., relief of poverty) instead of giving to support the promotion of religious opinions.

## 3. Rationale

- Given the global economic environment and the fiscal constraints for budget 2012, government has a pressing obligation to ensure sound stewardship of public funds. It is incumbent upon government to demonstrate value-for-money with respect to all its expenditures.

### 3.1. The designation of “advancement of religion” as a charitable activity costs taxpayers over \$1 billion per year

- Data obtained by the CSA from the Canada Revenue Agency shows that in the 2007 tax year, there were over 26,000 registered charitable organizations that declared no programs other than those aimed at “advancing religion” on their T3010 Registered

Charity Information Return. These charities accepted \$3.6 billion in tax-receipted gifts, costing the government over \$1.18 billion in foregone tax revenue.<sup>1</sup> If the charitable tax credit amount is increased without removing “advancement of religion” as an eligible charitable activity, this cost will increase significantly.

### **3.2. The designation of “advancement of religion” as a charitable activity is an archaic policy and should be modernized**

- This designation represents a transfer of wealth from non-religious Canadians to the religious majority. Redistribution of wealth according to religious affiliation and participation is arguably a violation of equality rights.<sup>2</sup>
- There is no evidence that the promotion of religious opinions, in and of itself, is in the public interest. Indeed, in a poll conducted by Ipsos Reid in September 2011, 71% of Canadians said they do not believe devout people make better citizens.<sup>3</sup> This is consistent with a previous Ipsos Reid poll in September 2010 which found that 64% of Canadians agreed that “religious beliefs promote intolerance, exacerbate ethnic divisions and impede social progress.”<sup>4</sup>
- The designation of “advancement of religion” as a charitable activity has its basis in the 1891 decision of the British House of Lords in *Special Commissioners of Income Tax v. Pemsel*. This decision was in turn based on the preamble of the *Statute of Elizabeth 1601*, which provided a list of charitable purposes recognized at that time in history.<sup>5,6,7,8</sup>
- Other jurisdictions have modernized their charity laws. For instance, the United Kingdom (from which Canada inherited its current policy on advancement of religion) now requires that religious charities demonstrate how they benefit the public, as all other charities are required to do.<sup>9</sup>
- The CSA recognizes and applauds the many religion-affiliated charities that engage in legitimate charitable activities (i.e., alleviating poverty, advancing education, or engaging in some other activity that results in public benefit). Indeed, removing “advancement of religion” as an eligible charitable activity will not affect these organizations, as they will be eligible for charity status under one of the other charitable purposes.

### **4. Conclusion**

- The public subsidy of organized religion via designation of “advancement of religion” as an eligible charitable activity does not demonstrate sound management of public funds, especially in a fiscal climate in which cuts to essential public services are being contemplated.

## 5. Background information

### 5.1. Does Canadian law grant charity status to organizations whose only purpose is the promotion of religious opinions?

- Yes. To be registered as a charity in Canada, an organization must meet 2 requirements:
  - (1) Its purpose must fall within one or more of the following 4 categories:
    - (i) the relief of poverty;
    - (ii) the advancement of education;
    - (iii) the advancement of religion; or
    - (iv) other purposes beneficial to the community that the courts have identified as charitable.
  - (2) It must be established for “public benefit”.
- Under current law, organizations engaged in “advancing religion” enjoy the legal presumption that they meet the “public benefit” test without having to demonstrate that they actually benefit the public in any way.

### 5.2. Isn't the promotion of religious opinions beneficial to society because it promotes ethics?

- To gain charity status under the "advancement of religion" category, government regulations state that an organization must have “an element of theistic worship, which means the worship of a deity or deities in the spiritual sense. To foster a belief in proper morals or ethics alone is not enough for a charity to register under this category.”<sup>10</sup> Thus, the intent of current government policy is the promotion of theism, and not the promotion of morals or ethics.

### 5.3. Is subsidizing the promotion of religious opinions in the public interest?

- No. Many religions advocate practices that are fundamentally at odds with Canadian public policy and human rights as outlined in the Canadian Charter of Rights and Freedoms. For instance, many religious doctrines:
  - oppose equal rights for men and women;
  - oppose equal rights for heterosexuals and homosexuals;
  - oppose the right to freedom of speech (condemning “blasphemy”);
  - oppose the right to freedom of conscience (condemning “apostasy”).
- The CSA vigorously upholds the fundamental right of religious groups to freedom of expression and freedom of religion — including the right to express views and maintain internal practices that are sexist, bigoted, authoritarian, discriminatory, and deeply illiberal. The CSA simply rejects the idea that the state should be financing them.

Religious groups should compete for followers in the marketplace of ideas without the advantage of public money, as all other ideologies must do.

## References

- <sup>1</sup> This analysis was conducted by the CSA using data provided by the Charities Directorate of the Canada Revenue Agency. When filing the [T3010 Registered Charity Information Return](#) with the Canada Revenue Agency, each charity is required to describe what percentage of its activities is devoted to a selection of 70 programs deemed charitable. Thus, it is straightforward to calculate the percentage of a charity's activities devoted to the "advancement of religion". In 2007, there were over 26,000 charities that only conducted programs aimed at advancing religion, or which were categorized as religious by the Charities Directorate but conducted unknown or unspecified programs. These charities accepted \$3.6 billion in tax-receipted gifts. With an average reimbursement rate of 32.7% in 2007, this resulted in foregone tax revenue of \$1.18 billion for charities whose only stated activity was to advance religion. This is a conservative estimate because it excludes charities that stated they engaged in *any* activities other than those advancing religion (e.g., it excludes a charity that spent 99% of its funds advancing religion and 1% alleviating poverty). Further details of this analysis are available upon request. Contact: Greg Oliver, President, Canadian Secular Alliance, 416-591-7378, [president@secularalliance.ca](mailto:president@secularalliance.ca)
- <sup>2</sup> Bromley, K. (2000). The definition of religion in charity law in the age of fundamental human rights. Paper presented at the Fourth International Conference of the International Society for Third-Sector Research, Dublin, Ireland, July 5-8, 2000. Available at <http://www.beneficgroup.com/pdf/The%20Definition%20of%20Religion%20in%20Charity%20Law%20in%20the%20Age%20of%20Fundamental%20Human%20Rights.pdf>
- <sup>3</sup> Global News (Sep 12, 2011). Canadians divided on whether religion does more harm than good: poll. Available at <http://www.globalmaritimes.com/poll/6442480278/story.html>
- <sup>4</sup> CBC News (November 26, 2010). Poll underlines sharp divide on religion. Available at <http://www.cbc.ca/news/canada/story/2010/11/26/religion-good-evil-poll-hitchens-blair.html>
- <sup>5</sup> Carter, T. S., Langan, A.-M., & Thomas, P. J. (2007). Advancing Religion as a Head of Charity: What Are the Boundaries? *The Philanthropist*, 20(4), 257. Available at <http://www.thephilanthropist.ca/index.php/phil/article/view/20/20>
- <sup>6</sup> Bromley, K. (2000). The definition of religion in charity law in the age of fundamental human rights. Paper presented at the Fourth International Conference of the International Society for Third-Sector Research, Dublin, Ireland, July 5-8, 2000. Available at <http://www.beneficgroup.com/pdf/The%20Definition%20of%20Religion%20in%20Charity%20Law%20in%20the%20Age%20of%20Fundamental%20Human%20Rights.pdf>
- <sup>7</sup> Tokeley, K. (1991). A New Definition for Charity? *Victoria University Wellington Law Review*, 21, 41. Available at <http://heinonline.org/HOL/LandingPage?collection=journals&handle=hein.journals/vuwlr21&div=11&id=&page=>
- <sup>8</sup> Woodfield, S. T. (1996). Doing God's work: Is religion always charitable? *Auckland University Law Review*, 8, 25.
- <sup>9</sup> Charity Commission (2011). The Advancement of Religion for the Public Benefit. Liverpool, United Kingdom: Charity Commission. Available at <http://www.charitycommission.gov.uk/Library/guidance/pbreligiontext.pdf>
- <sup>10</sup> Canada Revenue Agency (2008). Registering a Charity for Income Tax Purposes. Ottawa: Canada Revenue Agency. Available at <http://www.cra-arc.gc.ca/E/pub/tg/t4063/t4063-08e.pdf>