

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

2012FIN366316

JUL 27 2012

Mr. Greg Oliver
President
Canadian Secular Alliance
president@secularalliance.ca

Dear Mr. Oliver:

Thank you for your correspondence of November 3, 2011, which was referred by the Office of the Minister of Human Resources and Skills Development, the Honourable Diane Finley, in which you express concerns regarding registered charity status for religious organizations. Please excuse the delay in replying.

Under the *Income Tax Act* (ITA), registered charities are exempt from income tax, and also benefit from the privilege of being able to issue official donation receipts for any donations that they receive. The ITA does not define the concept of charity. Rather, this has been developed through the decisions of the courts and includes those organizations that are established for the advancement of education or religion, the relief of poverty or certain other purposes that benefit the community in a way the courts have said is charitable.

In a democratic country with over 80,000 registered charities, it is not to be expected that every citizen will agree with the objectives and views of every charity. Providing charitable status for the advancement of religion is based on the presumption that religion provides people with a moral and ethical framework for living and plays an important role in building social capital and social cohesion.

All registered charities, including religious organizations, must devote all of their resources to their charitable activities, and are subject to certain restrictions on their activities, such as on the types of business activities they may carry out and the extent to which they may engage in political activities. Further, the ITA provides for public transparency around the activities of registered charities, and the information returns of such organizations, including churches, are available on the website of the Canada Revenue Agency (CRA).

Canada

To ensure that they devote their resources to their exempt purposes and operate in compliance with the ITA, the CRA regularly conducts audits of these organizations. Any organization found not to be complying with the requirements of the ITA can lose its tax-exempt status.

It is important for us to receive the views and suggestions of Canadians on the tax system.

Thank you for communicating your concerns.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "James M. Flaherty". The signature is stylized and cursive, with a large initial "J" and a prominent "F" at the end.

James M. Flaherty