

Legislative Proposals Relating to the Income Tax Act

Charities

1 (1) Paragraph (a) of the definition *charitable organization* in subsection 149.1(1) of the *Income Tax Act* is replaced by the following:

(a) constituted and operated exclusively for charitable purposes,

(a.1) all the resources of which are devoted to charitable activities carried on by the organization itself,

(2) The definition *charitable purposes* in subsection 149.1(1) of the Act is replaced by the following:

charitable purposes includes the disbursement of funds to a qualified donee; (*fins de bienfaisance*)

(3) The definition *political activity* in subsection 149.1(1) of the Act is repealed.

(4) The portion of subsection 149.1(1.1) of the Act before paragraph (a) is replaced by the following:

Exclusions

(1.1) For the purposes of paragraphs (2)(b), (3)(b) and (4)(b) and subsection (21), the following shall be deemed to be neither an amount expended in a taxation year on charitable activities nor a gift made to a qualified donee:

(5) Paragraph 149.1(1.1)(b) of the Act is repealed.

(6) Paragraphs 149.1(6)(b) and (c) of the Act are replaced by the following:

(b) in any taxation year, it disburses not more than 50% of its income for that year to qualified donees; or

(c) it disburses income to a registered charity that the Minister has designated in writing as a charity associated with it.

(7) Subsections 149.1(6.1) and (6.2) of the Act are replaced by the following:

Charitable purposes

(6.1) For the purposes of the definition *charitable foundation* in subsection (1), a corporation or trust that devotes any part of its resources to the direct or indirect support of, or opposition to, any political party or candidate for public office shall not be considered to be constituted and operated exclusively for charitable purposes.

Charitable purposes

(6.2) For the purposes of the definition *charitable organization* in subsection (1), an organization that devotes any part of its resources to the direct or indirect support of, or opposition to, any political party or candidate for public office shall not be considered to be constituted and operated exclusively for charitable purposes.

(8) Subsection 149.1(6.201) of the Act is replaced by the following:

Activities of Canadian amateur athletic associations

(6.201) For the purposes of the definition *Canadian amateur athletic association* in subsection (1), an association that devotes any part of its resources to the direct or indirect support of, or opposition to, any political party or candidate for public office shall not be considered to devote that part of its resources to its exclusive purpose and exclusive function.

(9) Subsection 149.1(10) of the Act is replaced by the following:

Deemed charitable activity

(10) An amount paid by a charitable organization to a qualified donee that is not paid out of the income of the charitable organization is deemed to be a devotion of a resource of the charitable organization to a charitable activity carried on by it.

(10) Subsections (1), (5) and (7) are deemed to have come into force

(a) on January 1, 2008 in respect of organizations, corporations and trusts that are registered charities on Announcement Date; and

(b) on Announcement Date in any other case.

(11) Subsections (2), (3), (6) and (9) are deemed to have come into force

(a) on June 29, 2012 in respect of organizations, corporations and trusts that are registered charities on Announcement Date and in respect of associations that are registered Canadian amateur athletic associations on Announcement Date; and

(b) on Announcement Date in any other case.

(12) Subsection (8) is deemed to have come into force

(a) on January 1, 2012 in respect of associations that are registered Canadian amateur athletic associations on Announcement Date; and

(b) on Announcement Date in any other case.

2 (1) Subsection 188.2(2) of the Act is amended by adding “or” at the end of paragraph (d) and by replacing the portion of the subsection after paragraph (d) by the following:

(e) in the case of a person that is a registered charity or registered Canadian amateur athletic association, if the person devotes any part of its resources to the direct or indirect support of, or opposition to, any political party or candidate for public office.

(2) Subsection (1) is deemed to have come into force

(a) on June 29, 2012 in respect of organizations, corporations and trusts that are registered charities on Announcement Date and in respect of associations that are registered Canadian amateur athletic associations on Announcement Date; and

(b) on Announcement Date in any other case.