

Charities may be asked for donor lists under CRA proposal floated by minister

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OTTAWA - Canadian charities would have to turn over lists of their donors' identities to the Canada Revenue Agency under a proposal being floated by the Conservative government.

The move is touted as a way to prevent tax-receipt fraud, but some charities are wary of the administrative burden — and the potential close surveillance of groups that criticize government policies.

Revenue Minister Kerry-Lynne Findlay made the suggestion behind closed doors this spring to charities officials in Ottawa as the government seeks ways to tighten regulation of Canada's charitable sector.

Findlay asked officials of the Heart and Stroke Foundation, the Canadian Cancer Society and others for their input, as well as their reaction to a proposal to standardize the format, size and colour of official income-tax receipts for charitable donations.

The consultation took place before a March 26 media event at which Findlay and Kevin Sorenson, minister of state for finance, boasted about the government's achievements in reducing red tape for charities.

The suggestion about turning over donor lists also came as some charities, subject to lengthy audits by the Canada Revenue Agency over their political activities, were feeling vulnerable and threatened by the Harper government.

Findlay's proposals apparently met with "stunned silence" initially, according to one witness, who requested anonymity. At least one charity official later spoke against them.

"You can imagine why neither of these proposals would reduce red tape for charities — and why, given the current climate, there would be significant concern about the intent," said the source.

Pamela Fralick, president and CEO of the Canadian Cancer Society, was also at the closed-door meeting and said the minister was "floating ideas" rather than putting forward concrete proposals.

Fralick said she would need to see more details before the society could adopt a position.

"Perhaps that will come forward in the next budget and we'll have a chance to review it and have a statement at that point," she said in an interview.

A spokesman for Findlay acknowledged there was a "wide-ranging and informal exchange on a variety of topics" at the event, part of the government's continuing efforts to consult with stakeholders.

"The insinuation that the minister has proposed any changes to charities regulations is completely false," press secretary Carter Mann said in an email.

"Any statements that may have been made were part of an exchange of opinions and comments, and were not official pronouncements or formal policy statements."

The Canada Revenue Agency has been battling fraudulent donation receipts for at least a decade, calling it one of the top five tax scams in Canada that costs the treasury hundreds of millions of dollars. Fake receipts can often be produced without the knowledge of a charity.

Four out of five Canadians file their income-tax returns online, without the need to submit receipts, so that scrutiny of most charitable donations occurs only when the tax agency specifically requests to see them.

Findlay's proposal that charities submit donor lists was described as a means to allow the Canada Revenue Agency to match the names with receipts.

But the proposal also surfaces as the agency conducts 52 political-activity audits of targeted charities, including environmental groups that oppose the government's pipeline and oil sands policies, requiring them to turn over emails, memos, letters and a range of other internal documents on threat of losing their charitable status.

Pen Canada, a Toronto-based charity defending freedom of expression, is the latest target, with two tax auditors poring over the books this week. Pen Canada has criticized several government policies, such as the muzzling of publicly paid scientists.

Charities can devote up to 10 per cent of their resources to political activities, although they cannot be partisan by endorsing particular parties or candidates.

But the definition of political activity is open to interpretation, and some charities say they fear the audits are designed to silence their criticisms — creating "advocacy chill," as it has been dubbed.

There are some 86,000 registered charities in Canada, though fewer than one per cent report any political activity.

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