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Adam Daifallah: Unmuzzle the charities



ADAM DAIFALLAH, NATIONAL POST | August 13, 2014 6:44 AM ET
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The idea that auditor-bureaucrats from CRA should determine what is 'political' and what is not ought to disturb Canadians.

THE CANADIAN PRESS/Sean Kilpatrick

The foofaraw surrounding the Canada Revenue Agency (CRA) audit of PEN Canada and some environmental groups that benefit from charitable tax status is missing the point entirely. The problem isn't who is or isn't being audited: it's the outdated rules that govern charitable status in Canada.

CRA audits relating to the political activities of registered charities are common, and — surprise! — they aren't restricted to groups who oppose Stephen Harper. Indeed, a source close to the free-market think tank scene told me at least three “conservative” or free-market organizations with charitable status are currently or have recently been under investigation by CRA, and two of them have even received a formal letter challenging their charitable status.

Greenpeace lost its charitable status in the 1980s under Brian Mulroney — the man environmentalists voted Canada's “Greenest Prime Minister.” Greenpeace later created a charitable foundation which suffered the same fate in the 1990s, this time under Jean Chrétien. A number of religious and pro-life organizations have lost their charitable designation over the years.

That's because there is no political involvement in these audits. They are the result of bureaucrats doing their jobs, and they target whomever they suspect of breaking the rules. Nothing to see here, folks. There's no witch-hunt. Move right along.

The problem is the Income Tax Act itself, and specifically the CRA's official “policy statement on

[Pen Canada hit with audit by Canada Revenue Agency, joining other charity groups critical of Harper government](#)

OTTAWA — The Canada Revenue Agency has launched a political-activities audit of Pen Canada, a small charity promoting freedom of expression that has criticized the Harper government in the past.

Two tax auditors showed up Monday morning at the tiny Toronto offices of Pen Canada, asking to see a wide range of internal documents.

Pen Canada's president, Philip Slayton, says the tax agency gave notice of the audit two ... [Follow](#)

political activities.” The policy stipulates that a charitable organization cannot use more than 10% of its resources for political activities, and must be non-partisan. In other words, charitable groups are allowed to support or oppose policy, but not by openly supporting one political party over another.

months ago, and that the group is “fully co-operating.”

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As such, a charity that helps fight drug abuse might hypothetically oppose Justin Trudeau’s marijuana legalization stance by speaking out against that policy, but would have to beat around the bush to avoid attacking Trudeau directly. And even at that, a maximum of 10% of its resources could be earmarked for that policy discussion.

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The 10% policy is ridiculous. It hangs like the sword of Damocles over think tanks and other public policy charities, forcing them to constantly monitor whether something they say or do might be deemed “political.” It also forces charities who are audited to waste precious time and scarce dollars fighting the audit.

People like Preston Manning have tried to avoid the issue by creating two distinct separate entities. The Manning Centre, which works to build the conservative movement in Canada, describes itself as a “non-profit corporation that focuses on political, conservative-oriented activities. As such, it is not a registered charity and donations are not eligible for tax receipts.” However, the Centre’s website notes, “activities such as research and education, which are classified as charitable, are undertaken by the Manning Foundation — a registered charity.”

The very notion that a team of auditor-bureaucrats from CRA should determine what is “political” and what is not ought to disturb everyone from across the Canadian political landscape. If there is consensus that charities should enjoy subsidies from taxpayers via tax deductions — and that is a debate we can have — then the 10% restriction should be dumped.

Public policy organizations that are registered charities greatly contribute to our public debate: the Canadian Centre for Policy Alternatives, the Fraser Institute and the C.D. Howe Institute, just to name a few from across the spectrum. (Incidentally, these organizations contribute as much or more to public debate as political parties, yet donations to political parties benefit from a more generous tax credit).

But other organizations that do similar work — the Broadbent Institute, the National Citizens’ Coalition and the Canadian Taxpayers Federation, amongst others — don’t give receipts to donors. If these groups want to — and some likely don’t — why not give them that right? Create a level playing field, allow them to do as much advocacy as they want and let the best ideas win.

In the United States, there is no comparable restriction on advocacy by charities, so long as it isn’t partisan or direct lobbying

Such a change would be a boon to the think tank movement and benefit groups spanning the ideological spectrum. More private dollars would go into the “ideas business” because of the favourable tax treatment afforded.

In the United States, there is no comparable restriction on advocacy by charities, so long as it isn’t partisan or direct lobbying. American think tanks have blossomed as a result over the last five decades.

Removing the restriction would also be an admirable legacy item for Prime Minister Stephen Harper. He has been constantly criticized for trying to muzzle opponents, and this move would free everyone from the CRA’s army of auditors — including PEN Canada and his other dedicated critics.

National Post

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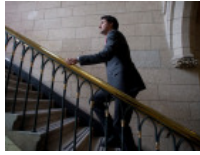
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**Watachie** • 3 days ago

There should be no charitable tax status for these organizations. No tax breaks - no worries. Simple. However, if they wish to continue to offer tax free receipts than the Canadian people are entitled to know they are meeting the criteria. After all the bottom line is that every time someone gets a tax break we the people pay for it. This is akin to the union situation where you pay your dues and then your leaders use a portion to fund and support political parties that you do not support. Unfair? You bet! And the same goes for charities using donations to support political causes, that you may not wish to support.

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Union benefits accrue to all members. An organization where everyone agrees does not exist. Your sweeping criticisms are common, but not accurate.

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**Gardiner Westbound** • 3 days ago

A charity should be a charity. A political organization not. The current law permits mixing the two activities. That forces bureaucrats to make murky distinctions.

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The fact of the matter is that the goals of the charity are often best served by entering into the political debate. For example, if you are a charity supporting a quest for a cure for a particular disease, it is very appropriate to spend some of your money in the political arena encouraging government support for research. Most diseases couldn't garner enough fundraising support to be addressed by research and getting the federal government involved in supporting that research is the best opportunity that they have to see advances in treatment.

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More like murky decisions.

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Charities have lost their way. There should be no such thing as charitable deductions from income tax. Lower the base rate and let people decide themselves what they want to support, without tax break bribes.

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**John Francis** → AndrewMelville • 2 days ago

Absolutely right! Much charity money goes to churches. Why should anyone else support a church, other than its members?

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**Mike** → AndrewMelville • 2 days ago

If charity was required to cure diseases, most diseases would never be cured. Charities that work to support research for a particular disease can achieve the most if they enter into the political arena to encourage the federal government to provide support for that research.

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