



## REGISTERED CHARITIES AND REGISTERED CANADIAN AMATEUR ATHLETIC ASSOCIATIONS

### INFORMATION

You are reminded of the provisions of the *Income Tax Act* concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation. The relevant provisions are quoted below in whole or in part as applicable.

### NOTICE OF INTENTION TO REVOKE REGISTRATION

#### Section 168

- (1) Where a registered charity or a registered Canadian amateur athletic association
- (a) applies to the Minister in writing for revocation of its registration,
  - (b) ceases to comply with the requirements of this Act for its registration as such,
  - (c) fails to file an information return as and when required under this Act or a regulation,
  - (d) issues a receipt for a gift or donation otherwise than in accordance with this Act and the regulations or that contains false information,
  - (e) fails to comply with or contravenes any of sections 230 to 231.5, or
  - (f) in the case of a registered Canadian amateur athletic association, accepts a gift or donation the granting of which was expressly or impliedly conditional on the association making a gift or donation to another person, club, society or association,

the Minister may, by registered mail, give notice to the registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration.

### REVOCAION OF REGISTRATION

#### Section 168

- (2) Where the Minister gives notice under subsection (1) to a registered charity or to a registered Canadian amateur athletic association,
- (a) if the charity or association has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing of the notice, publish a copy of the notice in the *Canada Gazette*, and
  - (b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing of the notice, or after the expiration of such extended period from the day of mailing of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice in the *Canada Gazette*,

and on that publication of a copy of the notice, the registration of the charity or association is revoked.

## **REVOCACTION TAX**

### **Section 188 (Applicable to charities only)**

(1) Where the registration of a charity is revoked, the charity shall, on or before the day (in this subsection referred to as the "payment day") in a taxation year that is one year after the day on which the revocation is effective,

(a) pay a tax under this Part for the year equal to the amount determined by the formula  $A+B-C-D-E-F$

where

A is the total of all amounts each of which is the fair market value of an asset of the charity on the day (in this section referred to as the "valuation day") that is 120 days before the day on which notice of the Minister's intention to revoke its registration is mailed,

B is the total of all amounts each of which is the amount of a gift for which it issued a receipt described in subsection 110.1(2) or 118.1(2) in the period (in this section referred to as the "winding-up period") that begins on the valuation day and ends immediately before the payment day, or an amount received by it in the winding-up period from a registered charity,

C is the total of all amounts each of which is the fair market value, at the time of the transfer, of an asset transferred by it in the winding-up period to a qualified donee,

D is the total of all amounts each of which is expended by it in the winding-up period on charitable activities carried on by it,

E is the total of all amounts each of which is paid by it in the winding-up period in respect of its debts that were outstanding on the valuation day and not included in determining the value of D, and

F is the total of all amounts each of which is a reasonable expense incurred by it in the winding-up period and not included in determining the value of D; and

(b) file with the Minister a return in prescribed form and containing prescribed information, without notice or demand therefor.

(2) A person (other than a qualified donee) who, after the valuation day of a charity, receives an amount from the charity is jointly and severally liable with the charity for the tax payable under subsection (1) by the charity in an amount not exceeding the amount by which the total of all such amounts so received by the person exceeds the total of all amounts each of which is

(a) a portion of such an amount that is included in determining an amount in the description of C, D, E or F in subsection (1) in respect of the charity; or

(b) the consideration given by the person in respect of such an amount.

## **APPEAL FROM REVOCACTION OF REGISTRATION**

### **Section 172(3) (Summary only)**

Where the Minister gives notice under subsection 149.1(2), (3), (4), (4.1) or 168(1) to any registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration, the charity or association, as the case may be, may appeal from the giving of the notice to the Federal Court of Appeal.

## **APPEAL TO FEDERAL COURT OF APPEAL**

### **Section 180(1) (Summary only)**

An appeal to the Federal Court of Appeal pursuant to subsection 172(3) may be instituted by filing a notice of appeal in the Court within 30 days from the mailing of notice to the registered charity or registered Canadian amateur athletic association under subsection 149.1(2), (3), (4), (4.1) or 168(1), or within such further time as the Court of Appeal or a judge thereof may, either before or after the expiration of those 30 days, fix or allow.