

December 14, 2016



CCVO
Calgary Chamber of
Voluntary Organizations

Charities Directorate
Canada Revenue Agency
Ottawa, ON K1A 0L5

Dear Agency Officials;

The Calgary Chamber of Voluntary Organizations (CCVO), is pleased to provide input into the Canada Revenue Agency's consultation on political activities. CCVO exists to strengthen the nonprofit and voluntary sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector. CCVO is encouraged by the federal government's commitment to modernizing the regulatory framework governing charities.

Charitable and Political Activity

Charities are vital to the health of our communities and the environment. They are closest to many of the issues confronting policy makers, and therefore possess a wealth of experience, knowledge and expertise. Charities give voice to Canada's most vulnerable citizens; citizens who otherwise might not be heard. Dr. Roger Gibbins, former head of the Canada West Foundation, argues charities have a moral obligation to participate in public policy advocacy,

The very concept of a charity carries with it an obligation for policy advocacy that sets charities apart from the private and more broadly defined nonprofit sectors.¹

CCVO believes that to exclude what is currently defined by the CRA as "political activity" from what is defined as "charitable" is to create a false distinction that unnecessarily constrains Canadian charities. For this reason, we support Imagine Canada's recommendation that in the short term, **the Income Tax Act be amended to remove the distinction between "political activity" and other public policy work undertaken by charities.**

No other sector has restrictions placed on public policy activities. The restrictions placed on charities is somehow construed as the trade-off for privileged tax status, yet other sectors benefit from a range of tax expenditures and are able to write off their lobbying as a business expense. Moreover, charities are required by law to serve the public good and to use factual and well-reasoned information. Therefore, it is odd that we place arbitrary restrictions on their involvement in public policy work, when that work serves to advance their charitable purposes.

¹ Gibbins, Roger. "The Moral Imperative for Policy Advocacy". The Philanthropist, February 2016.

Prohibition on Partisan Political Activity

We must emphasize that CCVO strongly supports the prohibition on partisan political activities. Charities enjoy a high level of trust with Canadians, in large part owing to their nonpartisan status.

Returning to an Emphasis on Charitable Purposes

CCVO also supports Imagine Canada's recommendation that **the Income Tax Act be amended to restore an emphasis on charitable purposes, rather than regulating how charities achieve those purposes**. Not only would this remove unnecessary and illogical restrictions on public policy work, but it could also serve to create a more enabling environment for charities to carry out business activities in support of their charitable purposes. This is an example of an area where charities struggle to interpret the rules.

The more prescriptive the CRA becomes about how organizations conduct their business, the more problematic the practice of regulating activity becomes, however well-intentioned. Given the diverse nature of the charitable sector, a one-size-fits-all approach is seldom free of unintended consequences, and it quickly becomes both cumbersome and confusing.

CRA Guidance and Educational Materials

CCVO agrees with the Ontario Nonprofit Network that the government should make amending the Income Tax Act its first priority. That said, we support Imagine Canada's recommendations for improving guidance and communications, and we would be remiss if we did not point to the highly problematic nature of terminology currently in use.

One of the CRA's consultation questions is, "Are charities generally aware of what the rules are on political activities?" CCVO's experience is that charities are generally aware that rules guiding political activities exist, but that they don't understand the rules. This is largely because of the counter-intuitive terminology. Charities consistently confuse "representations" to an elected representative or public official (which are considered to be charitable), with political activities, (which are not). To add to the confusion, "political activities" is used both to describe activities to which the 10% rule applies, and also as a blanket term that is applied more generally to charitable, political, and prohibited partisan activities. The second and third videos in the series, *Charities and their Participation in Political Activities* state, "A political activity is considered to be any activity that tries to change, retain or oppose a law, decision or policy of any government". This is very misleading because presumably "any activity" includes direct representations to public or elected officials. While the videos go on to provide more detail about political and partisan activities respectively, opening with this definition does little to clarify the matter.

The net effect of this counter-intuitive language is that reporting on political activities by charities is inaccurate, and many organizations stay away from public policy advocacy because they fear they will be off-side with the CRA. CCVO, in its publication [*Influencing Public Policy: Rules for Charities Engaging in Advocacy*](#), has had much success with substituting the "charitable", "political", and "partisan political" terminology with that of "unrestricted",

“limited” and “prohibited” activity. So long as the CRA continues to limit “political” activity, we recommend a more intuitive nomenclature be adopted.

In closing, CCVO appreciates the opportunity to provide input on rules governing charities involvement in public policy work and the broader regulatory framework. Representatives are available, at your convenience, to provide clarification and to discuss these recommendations further.

Sincerely,

A handwritten signature in black ink that reads "Katherine van Kooy". The signature is written in a cursive, slightly slanted style.

Katherine van Kooy, President and CEO

cc: Ms. Leslie Evans, Chair, CCVO Public Policy and Government Relations Committee
Mr. Randy Paquette, Chair, CCVO Board of Directors