

Fact Sheet

Charities Regulatory Reform: Highlights

April 2004....The 2004 federal budget recently committed \$30 million over the next 2 years to support the voluntary sector. The funding will be broken down as follows: \$12 million annually has been allocated to improve tax rules for charities; and \$6 million over two years to support the Voluntary Sector Initiative.

The Voluntary Sector Initiative

The Voluntary Sector Initiative (VSI) is a joint initiative between the Government of Canada and the voluntary sector that was launched in June 2000. The VSI is focused on strengthening the relationship between the sector and the government and enhancing the capacity of the voluntary sector.

Under the VSI, a Joint Regulatory Table (JRT) was convened in November 2000 to study and make recommendations for improving the legislative and regulatory environment in which the voluntary sector operates. The Canada Revenue Agency (CRA) was directly involved in this process.

The JRT released its report, *Strengthening Canada's Charitable Sector: Regulatory Reform*, on May 5, 2003. This report offered 75 recommendations on how to improve charities regulation.

For more information about the VSI, please see www.vsi-ibsc.ca.

The Reform Initiative

In response to the JRT recommendations, a 5-year regulatory reform initiative has been developed. This initiative focuses on five major areas of charity regulation: service improvements; public awareness and sector outreach; monitoring and sanctions; appeals; and collaboration among federal, provincial, and territorial governments. The goal of the initiative is to improve the regulatory framework for charities while increasing public and voluntary sector confidence in the regulation of charities.

The initiative was developed with the Department of Finance and responds to the JRT's recommendations on improving the legislative and regulatory environment within which the charitable sector operates. The federal budget has secured funding for this initiative over the next two years.

The Reform Package

Of the JRT's 75 recommendations, 60 were fully supported, 9 partially accepted and only 6 will not be pursued at this time. The reform initiative is based on these recommendations and includes changes to the CRA's charity policies and programs, as well as changes to the *Income Tax Act*. Overall, the reform measures aim to:



- improve public access to information about registered charities;
- increase donor confidence that the CRA effectively monitors charities;
- increase communications with charities to ensure they understand and are able to fulfill their legal obligations;
- enhance the CRA's capacity to effectively monitor registered charities;
- improve registered charities' access to impartial review and appeal; and
- enhance cooperation and partnership with federal, provincial and territorial governments.

Next Steps for Reform

The CRA has already begun taking action on some of the JRT's recommendations. For example, a Charities Advisory Committee has been created, the registered charities information return (T3010A) has been shortened from 13 to four pages, and the charities section of the CRA's Web site has been re-designed to make it more user-friendly.

Many other changes are expected to take place in the near future, including:

- launching a public education campaign to provide donors with the information they need to make informed decisions;
- providing additional information about charity policies and procedures on the CRA's Web site; and
- working more closely with the charitable sector to ensure charities understand, and are able to fulfill, their legal obligations.

Additional Information

For further information on the charities regulatory reform, please see www.cra.gc.ca/charities.

Related fact sheets are also available on the five key elements of the reform initiative and the Voluntary Sector Initiative. Topics include:

- Improving Services for Charities and the Public;
- Increasing Public Awareness and Sector Outreach;
- Improving the Monitoring of Charities;
- Improving the Charities Appeals Process; and
- Working with Federal, Provincial and Territorial Governments.