



## The HST Blog

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### The Canada Revenue Agency Advises Charities About Political Activities



On August 20, 2015, the Canada Revenue Agency ("CRA") posted on its website an ["Advisory on partisan political activities"](#) by charities. The CRA "gently" "reminded" charities that "registered charities that they are prohibited from devoting any of their resources to partisan political activities." However, the CRA failed to remind charities that should the CRA take the position that their resources were allocated to partisan political activities, they might revoke their charitable status. If the CRA revokes a charity's charitable status for income tax purposes there are many negative consequences, including GST/HST consequences.

Charities are entitled to claim certain public sector rebates of GST/HST paid on business inputs. If charitable status is revoked, the entitlement to claim public sector rebates would be affected.

Certain supplies by charities are exempt from GST/HST. However, if charitable status is revoked and another exemption is not applicable, the supplies may be taxable. If the charity does not collect GST/HST on supplier that transition from exempt to taxable status, the charity may be assessed for failure to collect GST/HST.

In other words, the business model of the charity will be affected and potential GST/HST liabilities may result.

If you are a charity, please review the CRA's advisory to ensure that you do not cross the lines that have been drawn. The advisory states:

"Since we are in an election period, we remind registered charities that they are prohibited from devoting any of their resources to partisan political activities. A partisan political activity is one that involves the direct or indirect support of, or opposition to, any political party at any time, whether during an election period or not, or a candidate for public office.

The prohibition on partisan political activity is a long-standing requirement under the Income Tax Act.

Charities are responsible for their resources, and must devote these resources to exclusively charitable purposes. Since they are well placed to study, assess, and comment on government policies that relate to their charitable programs, charities can engage in a limited amount of non-partisan political activities. However, charities that devote any resources to partisan political activities may no longer be eligible for registration. A charity's resources include funds, property, and personnel (volunteers, employees, and directors).

Partisan political activity may include, but is not limited to:

- providing financial or material contributions to a political party or candidate
- making public statements (oral or written) that endorse or denounce a candidate or political party
- criticizing or praising the performance of a candidate or political party
- organizing an all-candidates meeting or public forum in a way that could be seen to favour a political party or candidate
- inviting candidates to speak at different dates or different events in a way that favours a candidate or political party
- posting signs in support of, or opposition to, a candidate or political party
- distributing literature or voter guides that promote or oppose a candidate or political party explicitly or by implication
- explicitly connecting its views on an issue to any political party or candidate

The restrictions on partisan political activities do not prevent volunteers, employees, or directors of charities from:

- helping in a political campaign, as long as they do this in their personal capacity and do not suggest they represent a charity
- making partisan political comments in public (including on social media), as long as they make it clear they are speaking in their personal capacity and not as a representative of a charity

Charities that use the Internet or social media to post information should ensure the information does not contain partisan political statements. Also, the information should not link to statements made by a third party that support or oppose a candidate or political party.

When a charity invites comments on its website, blogs, or on social media, it should monitor them for partisan political statements and remove, edit, or moderate such statements within a reasonable time.

For more information on political activities, go to [Resources for charities about political activities](#), including [Policy Statement CPS-022, Political Activities](#), and [Partisan political activities](#), or call our Client Service Section at 1-800-267-2384."

**Comments (0)** Read through and enter the discussion with the form at the end

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