

Natural Legacies:

Your Educational Guide to Conservation in BC



Exploring Political Activism by Charitable Organizations

The purpose of this summary is to provide information on differentiating between political and charitable activities in the context of overall activities of federal charitable organizations in Canada. This should be used as a resource for learning about what kinds of activities constitute political and charitable activities.

Charities must devote 90% or more of their resources towards charitable activities and are restricted to spending 10% or less on political activities, subject to 'small charity' and 'one-of-a-kind political activities' exceptions. These exceptions will be discussed further below. Moreover, It is important for charities to keep records of their expenditures, fill out the appropriate return forms and ensure that the 10% limit on political activities is not passed.

As a General rule, when an activity communicates a call to political action to the public, it is considered a political activity. A "call to political action" is a call to urge the public or the public official to whom the information is addressed to take political action on a certain law. To be objective in communicating information to the public, including both sides of the issue in a comprehensive manner is good practice to promote education and avoid the political designation.

EXPLORING POLITICAL ACTIVISM BY CHARITABLE ORGANIZATIONS



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When making representations to public officials, to advocate for a change in the law for instance, is still considered a charitable activity as long as the representation: (1) falls within the purpose of the charity, (2) is well-reasoned and (3) does not contain any misleading information.

Restrictions and exceptions in regards to political activities

A charity must devote “substantially all” of its resources to charitable activities (meaning 90% or more). The restriction is that no more than 10% of its resources may be devoted to political activities. These resources include: financial assets, staff, volunteer, directors, premises, equipment, and anything else a charity can use to further its purposes.

The Canada Revenue Agency recognized that the 10% limit may cause undue hardship to smaller charities. As such, a ‘resource scale’ was created as an exception for charities with an annual income of less and \$200,000 in the previous year.

The resource scale is presented as such:

- Charities with an annual income of less than \$50,000 can devote up to 20% of resources to political activities in the current year,
- Charities with an annual income between than \$50,000 and \$100,000 can devote up to 15% of resources to political activities in the current year, or
- Charities with an annual income between than \$100,000 and \$200,000 can devote up to 12% of resources to political activities in the current year.

In regards to charities that exceed the 10% resource limit available to political activities, there may be an exemption where the Canada Revenue Agency will look at the organizations past resource allocation and behavior in order to see whether or not the charity has devoted the maximum number of resources for political activities in the previous years. A charity is allowed to use the unclaimed portion of resources it was allowed to spend on political activities but did not spend from the two preceding years. This is considered a “unique condition” and is an acceptable action for a charity to take.

Political Considerations

An activity is considered political if the charity:

1. Explicitly communicates a call to political action
2. Explicitly communicates to the public that the law, policy, or decision of any level of government in Canada or a foreign country should be retained, opposed, or changed; or
3. Explicitly communicates in its materials the intention of the activity is to incite, or organize to put pressure on, an elected representative or public official to retain, oppose, or change the law, policy, or decision of any level of government in Canada or a foreign country.