

## Guide to Charitable Activities Abroad

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### Devoting Resources to Charitable Activities

To meet the definition of a charitable organization a church must devote all its resources to charitable activities carried on by the organization itself. This may include:

- programs and activities carried on by its own employees and volunteers;
- providing financial and other support for programs or activities carried on by other charities (qualified donees) with similar charitable objects.

Canada's Income Tax Act rules apply no matter where a Canadian registered charity operates. Few foreign organizations are qualified donees so Canadian charities operating outside Canada must do so in the form of actively delivering their own programs.

It may not be practical for a church to carry out its own activities abroad through employees or volunteers directly funded by the church. However, it can work with or through other organizations providing it employs certain structured arrangements that allow it to retain direction and control over the use of its resources.

Following are some of the methods a church might use to work abroad:

#### Intermediaries

A church could appoint an agent or appoint a contractor to carry out specific tasks or provide needed goods and services. Formal agreements should be put in place.

#### Joint ventures

A church could work through joint venture or cooperative partnerships providing there is evidence that the church is an active partner exercising a proportionate degree of control and assuming a proportionate degree of responsibility. Once again formal agreements should be put in place.

More detailed information can be found by in publication RC4106 – Registered Charities: Operating Outside Canada available on the CRA website at [www.cra-arc.gc.ca/tax/charities](http://www.cra-arc.gc.ca/tax/charities).

### Charities Registration (Security Information) Act & Anti-terrorism

Since September 11, 2001 it has become apparent that terrorist groups can use non-profit organizations for cover, legitimacy and resources. Churches working in sensitive areas should be cognizant of their responsibilities with regard to anti-terrorism.

Further information can be found on the CRA website at [www.cra-arc.gc.ca/tax/charities](http://www.cra-arc.gc.ca/tax/charities).

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DISCLAIMER: This guide is provided for information purposes only and is not intended as advice to the local church. Information is current only as of the date that the guide was prepared. Readers are advised to seek professional advice for their particular situation.