



Future Directions for the Canada Customs and Revenue Agency – Charities



More Ways to Serve You!

Pour vous servir encore mieux !



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada



The mission of the Canada Customs and Revenue Agency (CCRA) is to promote compliance with tax, trade, and border laws and regulations through effective communication, quality service, and responsible enforcement, thereby contributing to the economic and social well-being of Canadians.

Future Directions was launched in April 2001 to help us identify the essential elements that must be put in place to ensure good performance in the future and thereby allow us to remain a recognized leader in responsible and fair customs and revenue administration.

It is a fundamental stocktaking of our relationship with key client groups to make sure we provide effective programs and services, now and in the foreseeable future, in order to promote compliance, achieve client satisfaction, and secure public confidence in the integrity of customs and revenue administration in Canada.

Through our Future Directions, we deliberately set out to look at our services and activities through the eyes of our clients. To do this, we organized our efforts around client groups rather than our traditional functions such as audit, customs, and collections.

Our approach

In Canada, registered charities are exempt from paying income tax and can issue receipts for non-refundable tax credits to individuals who make donations to them. This tax policy is set out in the *Income Tax Act*, and around 80,000 charities are registered for these purposes. We make decisions on applications for registration based on the *Income Tax Act* and common-law principles.

We review applications for registered status, receive and process annual information returns, and provide information on registered charities to Canadians. We also develop interpretations and guidance based on common law as well as audit registered charities to ensure compliance with the provisions of the *Income Tax Act*. Traditionally, many of our interactions with clients have been cumbersome, slow, and paper-based, and were seen as inefficient and overly complicated.

Over the last year, we asked Canadians about our regulation of registered charities and we received feedback on what we did well and what we could do better. Through focus groups, interviews, and discussions with charities, professional groups, and associations, as well as a public survey, we were able to pinpoint areas for improvement. These improvements will be made based on innovation, a greatly increased use of technology, and a new vision of how we can best serve Canadians.

We have already taken steps to strengthen service. For example, we have significantly redesigned our operations, resulting in reduced

processing time for applications. Our new two-level phone system proved successful in giving callers an immediate answer for simple questions while making sure that experienced employees systematically return calls on complex issues with minimum delay. Our electronic records management systems are also being upgraded to provide faster, more dependable service. We make every effort to provide a simpler, timelier, and easier to understand experience when dealing with us. A prominent example of these efforts is the revised T3010 information return, which went from 13 to 4 pages. This return will be available in January 2003.

Underpinning this new vision is a changed working relationship between the Government of Canada and the voluntary sector, embodied in the Joint Accord signed by the Prime Minister in December 2001. This means that we are asking more questions, are seeking more opinions, and are inviting more direct involvement in our work from the charities.

Our commitment

While many improvements will be implemented soon, more complex changes will be phased in over time. The complete set of enhancements will be in place by 2005, furthering our goal of a completely transformed way of doing business with our clients and with Canadians.

Based on our consultations, we will focus **on enhancing electronic services, ensuring transparency, targeting compliance activities, and improving co-operation with the voluntary sector.**

Electronic services

Improvements to our Web site will include a customized portal for charities, providing them access to all their dealings with us, from GST and payroll to questions related to issues such as the amount a charity is required to spend directly on its charitable activities each year under the *Income Tax Act*.

By 2005, it will be possible for charities to access all aspects of their dealings with us through the electronic delivery mode. This will allow charities to:

- ◆ file an information return electronically;
- ◆ file an application for charitable status online;
- ◆ request information by email;
- ◆ access public information returns of all charities on our Web site; and
- ◆ find, on the Web, the policy and interpretations on which the CCRA bases its decisions, as well as other useful information related to any part of the CCRA's work in this area.

We are also **offering the use of our portal to other federal departments and levels of government** that wish to make information more easily available to charities. This would make life simpler for charities as they are often uncertain of their many obligations or available sources of funding.

Transparency

We will review and update **all our policy guidelines** and make them available to charities and the general public on our Web site. For the first time, charities and prospective charities will be able to see clearly the basis on which we make decisions. Given the complexity of common-law interpretation in the area of charity law, this will add clarity and transparency to decisions made by the CCRA.

We will also create an **advisory committee** with representatives of the voluntary sector to help us map out and develop our thinking on complex issues and in new and emerging areas of concern.

Compliance

The great majority of registered charities comply with tax laws. Our focus in the area of compliance is to be able to **better target charities that break the rules**—putting our resources where they are most needed. We will continue to look closely at those few organizations with suspected links to terrorist groups, making sure the Canadian charitable sector has not been compromised by these organizations. We will also continue to randomly select some charities for audit to ensure compliance with the *Income Tax Act* and common law.

Co-operation with the voluntary sector

We will continue to play an active role in the **Voluntary Sector Initiative** through the work

and upcoming recommendations of the Joint Regulatory Table. Recommendations will address intermediate sanctions for charities, a better appeals mechanism, and improved transparency about the inner workings of the charities program. A reference group of ministers will receive recommendations from the Joint Regulatory Table in March 2003. Implementing the decisions of ministers will further improve the regulatory structure within which charities operate.

William McCloskey, Assistant Commissioner, Policy and Legislation Branch, has been designated the CCRA champion responsible for this ambitious agenda. He will have overall responsibility for the successful implementation of this new way of doing business.



For more information on how Future Directions affects the CCRA's charities program, visit our Web site at **www.ccra.gc.ca/charities**.

Successfully implementing Future Directions means continuing to work together with you. We want to hear what you think about our vision and our future directions and what they mean to you. Your comments and suggestions are important to us.

Send us an email at **NAT-Orientation Futures.NAT-FutureDirections@ccra-adrc.gc.ca** or write us at:

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You can also give us your feedback through our Web site at **www.ccra.gc.ca/agency/directions/survey-e.html**.