A Response to "A Better Tax Administration in Support of Charities"*

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The Department is to be commended for its recent Discussion Paper entitled "A Better Tax Administration in Support of Charities". The issues discussed and the tone of the discussion indicate a genuine interest in providing better support for charities. As comments and submissions have been invited, this response is an attempt to engage the discussion with a view to furthering, not only better tax administration, but also the understanding and interpretation of the law of charities. Some of the issues discussed may go beyond the jurisdiction of the Department; nevertheless they are raised because administrative matters are easier to handle effectively if the most conducive legislation is in place. Any criticisms made of any of the points in the Discussion Paper are intended to be constructive.

This response will follow the outline of the Discussion Paper.

Building Understanding

Any publications of decisions on registrations, refusals and revocations which increase our knowledge of what is "charitable" will be most welcome. It will be important to make it clear whether the decisions are merely the Department's current interpretation of the law or are the court's interpretation. It will also have to be very clear whether decisions taken and publicized by the Department are intended to set a precedent and are to be binding on the Department. The preferred solution in our opinion would be to have the Department's determination assume a quasi-judicial effect with (in exceptional circumstances) written reasons for accepting or denying an application for registration. We recognize, however, that this solution is impossible in the present situation as it would require the Department to have more autonomy and authority similar to that given to the Charities Commissioners in England.

The primary concern is that, if the Department's interpretation proves to be different from the court's the result could be greater confusion rather than less—particularly if people expect published decisions to have precedent

* This article has been developed from the author's submission to the Minister of National Revenue. For additional responses, readers should review also (1991), 10 *Philanthrop.*, No. 2, pp. 20–27.

value. A related concern is that, because the Department (as indicated in the title of the Discussion Paper) is primarily interested in tax administration, its decisions may be overly influenced by fiscal considerations rather than legal principles. This is a predictable problem when the Charities Division is a component of Revenue Canada, Taxation.

The courts are free to interpret the law of charities so as to allow it to continue to evolve. The Department's power to interpret the law does not extend to changing it. There are definite limits as to how much can be done by administrative procedure and policy. Any publications of the Department must be careful to make it clear that the Department is simply providing its interpretation of the law as it now exists and that the Department has no authority to do other than administer the law. While it has no mandate to go beyond the courts and legislation, it also has no mandate to restrict the evolution of the law through administrative policy.

Defining a "Related" Business

This proposal is a pragmatic solution because the Department only has administrative solutions available to it and must rely on decided cases. The problem is that the tests set out[1] have no limitation as to scale within the charity and no rule that the business be merely "incidental". If the charity's objects include raising money for charitable purposes and the proceeds of the business are applied to those purposes, then all business activity becomes "related". The Federal Court of Appeal is less clear than the Discussion Paper as to whether or not being a "substantial commercial enterprise" is the "overriding" test.

Alberta Institute on Mental Retardation v. *The Queen*[2] considered a charity with the following object, enumerated as 2(j)(i):

> ... to raise funds for the purpose of carrying out the objects of the company in a manner not inconsistent with the objects of the company.[3]

Notwithstanding that the charity was carrying on a significant business, Heald J. held that the charity was operating for charitable purposes, stating:

> The raising of funds permitted pursuant to subparagraph 2(j)(i) is just as much an object of the appellant as any of the other objects enumerated in paragraph 2. As noted *supra*, *all* monies collected were given to charitable organizations as set out in the objects of the appellant.[4]

The second issue which Heald J. considered was whether this was a related business for the Institute. He introduced the four-part test set out in the Discussion Paper[5] which does not seem terribly relevant since he had decided that:

> ... the commercial operation at bar is exclusively related to charitable purposes since all monies collected are so allocated. Accordingly, the commercial activity has a very close connection with the charity.[6]

Presumably, whatever decisions the Department takes with regard to related business will be published in the same manner as decisions on registration. The problem is that while the Department has a very definite decision-making role in the registration process, it is less clear what authority the Department has to enforce its decisions thereafter unless it is prepared to propose revocation of registration. The administrative problems of coming to determinations having the requisite degree of "fairness" are formidable when the last two parts of the test make it impossible to justify—in theory as opposed to practice—why a business conducted by Charity X in Location Y since 1988 is "related" whereas the same business operated by a comparable charity in Location Z in the same town beginning in 1991 is not "related".

The shortcomings of these tests and the absence of reference to "incidential" illustrate the hazards of solutions driven by fiscal and pragmatic considerations rather than legal principles.

Ensuring That Donations Go To Charity

The Department is to be commended for any administrative steps which will ensure that the maximum amount of any donation goes to fund direct charitable activities. The Department needs to be careful, however, that it does not adopt a policy which explicitly or implicitly determines that fund-raising expenses incurred through the employment of fund-raising consultants are necessarily worse than fund-raising costs incurred by increasing internal overhead and expenditures. The goal is to achieve the maximum economic efficiency and not to dictate the method of fund raising.

The Department must also be careful that the increased public information serves to bring discipline to the accounting and disclosure process without the consequence of lowering the public's confidence in the sector. In the absence of uniform accounting policies, it is easy with creative accounting (which does not need to be even close to being fraudulent) for different charities to disclose very different "fund-raising" expenditures on a comparative basis.

Technical amendments with regard to the expenditure test on accumulations would be welcome.

Guidelines on Tax Receipts

There are no recommended changes in this regard, yet there should at least be technical amendments. Further, the stated interpretation of the law is incorrect, in my opinion, and should be amended. While the Department is correct to want to hold the line on innovative fund-raising programs which are too "unusual",

it must be careful that its conservative approach does not deny the flexibility which the law allows and which is necessary to achieve large gifts from donors.

Legal Obligations to Make a Gift

The Federal Court of Appeal in *The Queen* v. *McBurney*[7] accepted the qualification in the *Leary*[8] case that a contractually binding promise to make a gift does not deprive it of its status as a gift. This makes the Discussion Paper's statement that "the transfer must not be made as a result of a legal obligation"[9] incorrect. Apart from being an over-simplification of the law, it is bad public policy to remove the possibility that a pledge to make a gift can be legally enforceable if the donor ultimately wants the transfer to be treated as a gift.

Consider the following:

A prospective donor tells a charity that she will contribute $1 million to the charity's campaign to raise $4 million to build a new hospital wing on condition that the building is completed within three years. The charity wants to rely on that promise to borrow the last $1 million it needs to complete construction within the stipulated time period. Your Department's interpretation, but not that of the courts, would prevent the donor from entering into a legally biding obligation to make a gift upon the charity fulfilling the stipulated condition. This is bad policy and is being implemented by administrative policy which does not recognize some of the subtleties allowed in charities jurisprudence.

Material Advantage in Making a Gift

Your Department should also make it clear that it is only an administrative interpretation that holds that the law states a gift only occurs when there is a transfer "with no advantages received in return".[10] *McBurney*[11] adopts the qualification that "a gift will ordinarily be without any advantage of a material character being received in return". Nevertheless, the Department should recognize the extraordinary situations where there may be an acceptable material advantage received in return.

An example of an acceptable material advantage which might or might not be tied in with a contractual obligation to give, arises out of a charity agreeing to pay reasonable accounting fees for services rendered in return for the accountant agreeing to give a donation in the same amount. Interpretation Bulletin IT-110R2[12] allows the reverse scenario, but only if the return of the payment by way of donation is voluntary. This means that the charity has put the money out but has no ability to enforce the promise to make a return gift.

Another example is that of a charity contractually agreeing to purchase specific assets from a donor for a fair market price conditional upon the donor making a cash donation of the same amount. Alternatively, the donor could contractually agree to make a donation of the proceeds of the sale should the charity purchase certain assets from him. In either case the donor is merely utilizing cash to accomplish a gift-in-kind. Assuming fair market value is always used,

when the two transactions are put together, the gift (in the words quoted in *McBurney*[13]) "proceeds from a detached and disinterested generosity".

Valuation of Gift for Tax Purposes

The technical problems arising from tax receipts relate to the interaction between the prescribed information set out in Regulation 3501 and gifts of appreciated capital property under [*Income Tax Act*] subsections 110.1(3) and 118.1(6). The draft technical amendments proposed change the definition of "charitable gifts" in paragraph 110.1(1)(a) and "total charitable gifts" in paragraph 118.1(1)(a) and replace the current reference to the "*amount*" of a gift with the words "*fair market value* of a gift. ..." This is consistent with Regulation 3501 (1)(h)(ii) which only contemplates the fair market value of a gift of property other than cash when stipulating the prescribed information in the contents of a receipt.

The problem is that this wording negates the provisions of subsections 110.1(3) and 118.1(6) which explicitly authorize a donor to elect a value less than fair market value as long as it is not less than the adjusted cost base of the property to the taxpayer and deems that "amount" to be the amount of the gift. It is difficult enough to try to give effect to the wording in these subsections as it is, because the prescribed information only contemplates fair market value. Forcing the value of the gift to be fair market value makes it impossible to reduce "total charitable gifts" and "charitable gifts" so that the 20 per cent limit is not such a disincentive to giving appreciated capital property. This is a major problem in advising potential donors wanting to take advantage of these rules in order to increase their gifts.

Helping Canadian Charities Abroad

The Department has been very co-operative in recent years in providing helpful and creative administrative solutions to the technical problems arising from Canadian charities operating abroad. This attitude is illustrated by the apparent anomaly of the Discussion Paper which begins with the explicit statement:

> The *Income Tax Act* does not distinguish between charitable activities in Canada and those carried on abroad.[14]

It then proceeds to devote a whole section to constructing administrative procedures which do just that. The question is whether the Department is pursuing the best possible administrative solution.

The Discussion Paper suggests several ways that Canadian charities are able to disburse funds abroad if they structure the decision-making process to make the disbursement appear as the charity's own activity. It is doubtful that policy considerations in funding foreign activities are well served by contriving the relationships required to characterize an expenditure as the charity's own

activity. It produces anomalies. For example, it is reasonably simple to fund the salary costs of Canadian doctors working overseas but almost impossible to fund the bricks and mortar necessary to build a clinic for their activities; yet there are no good policy reasons to distinguish between these equally worthy endeavours. The fact remains, however, that it is almost impossible to characterize building such a clinic as the Canadian charity's own activity, especially if the Canadian organization does not retain legal title. If it is possible, how does one rationalize the ability to make a gift of bricks and mortar to a foreign entity which is not a "qualified donee" when a gift of cash is not acceptable?

It is true, as the Department maintains, that charitable foundations can be authorized to carry on their own charitable activities and are not restricted by statute to being passive conduits of funds. The problem with this response is that foundations do not want to be in the business of carrying on their own charitable activities. They do not have the staff and do not want the legal risks. Their expertise is in making grants and they are effectively barred from making these to anything but qualified donees. It would be counter-productive to introduce the convoluted legal arrangements necessary to characterize a grant as a foundation's "own activity" in order to enable it to fund a legitimate foreign charity.

Given that "charitable foundations" are primarily passive conduits which make grants for charitable purposes rather than directly carrying out charitable activities, Canadian foundations are substantially prohibited from foreign activities even though there is no geographic restriction as such. Canada, therefore, has developed a policy through fiscal legislation which effectively allows Canadians, through Canadian charitable organizations, to carry on charitable activities anywhere in the world but, at the same time, does not allow Canadians to make outright gifts to foreign charities by means of grants from Canadian charitable foundations. Although there is no stated requirement that a Canadian charitable foundation's funds be expended in Canada, the expenditure-test provisions ultimately have this effect.

It is possible to blame this result on the legislation. The Department in past practice and in the Discussion Paper shares some of the blame, however, in that all of its creative administrative solution-making efforts have been focused on the words "carried on by the organization itself". This is an interesting choice of wording on which to build such an innovative administrative policy. Charities carrying on activities abroad are much closer to actually being foundations making grants than to being charitable organizations carrying on their own activities. Parliament's view of how restrictively "carrying on its own activities" should be interpreted is demonstrated by the fact that it was deemed necessary to include explicit authorization to *disburse* income to qualified donees in paragraph 149.1(6)(b) and then to limit the authorization to 50 per cent of income. The expenditure test for charitable organizations in

paragraph 149.1(2)(b) uses the word *gifts* to qualified donees. If "disburse" includes expenditures based on agency agreements and other arrangements proposed in the Discussion Paper, the Department has chosen a rather thin piece of ice on which to build creative administrative policy. One's discomfort level on this issue is increased when one remembers that a charity's expenditure test is tied back to what the *Income Tax Act* defines as its "*disbursement* quota".[15]

It is really only the disbursement quota which prevents Canadian foundations from making grants to foreign charities which are not qualified donees. The Department concedes (not in the Discussion Paper) that if a Canadian foundation has met its disbursement quota, the law does not prevent it from making outright grants to foreign entities, which need not even be charitable themselves, as long as the activity funded is itself charitable. This is consistent with the common-law position on charitable grants, as the common law is more concerned with the nature of the activity funded than whether the recipient happens to be an organization "operated exclusively for charitable purposes".[16]

If the Department wants to be creative in its administrative policies, it should consider utilizing paragraph 110.1(1)(a)(vii) and making nominal gifts of $1 to foreign charities and affiliates of Canadian charities which meet its administrative standards for expenditure responsibility. Such a gift would only be effective for 24 months so there is an automatic review period. Canadian charities primarily in the business of raising funds for foreign charities would have to become designated as "charitable foundations" and observe the foundation's higher expenditure-control requirements. This designation would also be more consistent with their operating as a conduit and the definition section as well as subparagraph 149.1(6)(b).

This proposal may appear radical but it is much more consistent with the scheme of the legislation than the solutions advocated in the Discussion Paper. Surely no one should be better qualified than the Charities division to determine which foreign charities merit a donation from the Crown. It is significant that it is only the Crown at the federal level which is given the privilege to "create" foreign "qualified donees" for a duration of not more than two years at a time.

Defining Political Activities

The common-law provisions regarding the political activities of charities raise a number of problems. The statutory provisions in paragraphs 149.1(6.1) and (6.2) of the *Income Tax Act* are probably more generous than the common law. Information Circular 87-1 is a reasonable and well-written statement of the law. When Appendix A explains the meaning of political purposes and activities, however, it refers to the legal principles developed in the common law and says:

> The term "political activities" takes in a very wide range of activities that have in common the goal of bringing about *changes* in law and policy ... (emphasis added)[17]

This interpretation is tied to promoting change but does not similarly extend to activities which promote maintenance of existing law. When read together with Paragraph 8 of Information Circular 87-1 it can be quite inappropriate. What is required is either legislative or jurisprudential change to remove the distinction which now exists between political activities which oppose existing laws and activities and court challenges which support, maintain, and enforce existing laws.

More Openness

The Discussion Paper does not comment on how this proposal interacts with the first proposal under the heading "Building Understanding" which states that the identities of charities involved in published decisions will be kept confidential. If all confidentiality provisions are removed, there would appear to be no reason to keep the identity of charities confidential when decisions are published. Further, the Department should anticipate applicants' quoting back the Department's correspondence in unrelated but similar applications with the demand that administrative fairness dictates that Applicant X be registered because Applicant Y has previously been registered. (While this might achieve openness and even fairness, the Discussion Paper needs to be careful that the result is not to lower registration standards by going to the lowest common denominator of acceptance standards.)

Removing confidentiality is consistent with the view that the Department is assuming a quasi-judicial role in making its determinations. It removes the privacy normally accorded to administrative decisions in government. The Department needs to be confident that the calibre of decisions which it is proposing to make public will withstand the level of scrutiny which will follow. It also needs to make it very clear whether representations and allegations made to the Department by third parties about any charity will be made public. Careful consideration needs to be given to assessing whether the potential threat of actions for libel and slander which might flow from a concerned citizen expressing apprehension about a perceived problem will discourage citizens from bringing their concerns to the Department's attention. The classification of "private" should probably be broadened beyond what is suggested in the Discussion Paper.

Encouraging Accuracy

Verifying the information provided by charities is much less of a problem than setting reporting and accounting standards which mean that the Department is comparing apples with apples. The increased costs of having an external auditor will result in energy and creativity being expended to make certain that

gross revenues are less than $250,000. Very great care will have to be taken in the definition of gross revenues. The Department may ultimately come to the conclusion (as it did after a similar debate as to a threshold of $250,000 for application of the 4.5-per-cent disbursement quota in the White Paper in 1983), that the definitional problems are too great.

Simplifying Registration

Registration is the one time that the Department has the applicant charity's complete and undivided attention and its desire to comply with the Department's every whim and wish. Registration should be an exercise in educating a charity as to the duties and obligations which accompany the great fiscal privileges extended upon registration. It should also be the time to educate and explain why the charity's future activities should be limited to those which the law regards as being exclusively charitable. Making the registration process too simple is to gain short-term public and political approval at the expense of future administrative problems when the Department must seek to correct inappropriate activities after the charity has embarked on its programs.

The application for registration is already a single-page document which requires very little specific information. As a consequence, the questions asked by the examiner necessarily become extremely broad and comprehensive. Part of the problem leading to an applicant's frustration with the process is that the initial form is so simple it is misleading as to the complex and difficult questions regarding acceptable purposes and activities which must be properly answered before registration is granted. More guidance in the application form might bring the applicant's initial perception into line with reality and also limit the range of the examiner's inquiry.

The Annual Return

The Discussion Paper seems not to recognize the inherent contradiction in simultaneously proposing simplified filings and increased disclosure. It needs to resolve the tension between its political desire to be appreciated for simple and quick registration and annual filings and the need to have the necessary administrative and audit controls to retain the public's confidence in the sector.

The Discussion Paper also displays a bias towards the belief that the problems in charities are primarily to be found in charities that are over a certain size. This is a perception which one can only assume is being provided by those who are more attuned to political complaints than hard data from the field. There is a great deal of evidence that professionalism in matters of accounting standards and disclosure increases with size.

Explaining the Audit Process

Selective audits are a useful means of encouraging voluntary compliance. The Discussion Paper states that there will be an increase in restricted audits and that, "The objective would be to inform charities about the law's requirements. ..."[18] While this may be effective, the Department needs to appreciate how traumatic and expensive an audit can be for a charity. Care needs to be taken to ensure that using audits as an educational exercise does not become the Department's standard *modus operandi* when simple information campaigns would bring compliance.

Revocation and Disposal of Assets

The revocation tax needs to have a provision which deals with situations where a charity's appeal of the Department's revocation decision is not heard by the Federal Court of Appeal within 12 months. It would be a miscarriage of justice to have a charity win an appeal after all of its assets had been lost to a revocation tax or distributed to avoid the tax.

A more frequent problem relating to the disposal of assets arises when a charity has maintained its registration by making the necessary tax filing with the Department but has failed to maintain its corporate existence by making the necessary corporate filings at the provincial level. Different escheat provisions will take effect depending upon the statute under which the charity was incorporated. This very real legal problem does not seem to be contemplated in the Discussion Paper.

Beyond a Better Tax Administration in Support of Charities

The Department is to be commended for seeking to improve the administrative decisions which will support charities. The Department's ability to influence the law of charities is limited by the fact that it only administers the *Income Tax Act* and does not write the provisions in it. Further, it interprets rather than decides the evolution which takes place through the common law.

If charities are to maintain the confidence of the public and the support of favourable tax provisions it is more important that they be engaged in activities which address the needs of society than that they be administered flawlessly. Fraud and personal gain aside, errors in judgment and failures to comply fully with administrative requirements will not be enough to cause the public to lose confidence in charities if they are engaged in meeting society's needs. As much effort needs to be addressed to enabling charities to change their activities to solve contemporary problems as needs to be devoted to administrative matters.

The Federal Court of Appeal in *Native Communications Society of B.C.* v. *M.N.R.*[19] approves Lord Wilberforce's statement in *Scottish Burial Reform and*

Burial Society Ltd v. *Glasgow Corporation*[20] that "the law is a moving subject" and goes on to say:

> In my judgement it would be a mistake to dispose of this appeal on the basis of how this purpose of that may or may not have been seen by the Courts in the decided cases as being charitable or not. This is especially true of the English decisions relied upon ...[21]

The federal government has periodically considered, but always rejected, adopting a statutory definition of purposes which are charitable. As recently as May of last year the White Paper *Charities: A Framework for the Future* presented to the British Parliament considered and rejected a statutory definition in favour of retaining the common law because:

> ... to alter the guidance by legislation could well have the disadvantage of laying down inflexible rules, instead of allowing the law to develop in the light of particular cases which may present features which cannot now be foreseen.[22]

The Department can play an important role in fostering the flexible and enlightened development of what should be considered a charitable activity in Canada in the last decade of the twentieth century. The Department has a significant opportunity to accept the Federal Court of Appeal's invitation in *Native Communications* to move beyond ancient decided English cases as to what is properly considered to be charitable. If the Department were to register applications authorizing charities to move farther into the field of micro-enterprises by providing funding for community economic development through peer group lending and nonprofit enterprises, it would take a major step towards bringing the law of charities into line with contemporary Canadian society.

The law of charities is designed to allow volunteers and concerned citizens to organize their activities so as to address problems experienced by the society in ways which are not designed to provide a material benefit to those providing the service. Three of the four articulated charitable purposes are those which promote the advancement of education, the relief of poverty, and the betterment of the community as a whole. There is no doubt that advancing an individual's education not only benefits the community as a whole by enhancing the productivity of its citizens but also materially improves that individual's economic opportunities and usually provides a direct financial benefit to him or her. In doing so, providing an individual with an education also contributes to the relief of poverty. There is no requirement that an individual have an economic need in order for the provision of education to qualify as being charitable.

It is time for the law of charities to recognize that assisting needy people to have an opportunity to participate in economic development and micro-

enterprises is in itself a direct charitable activity. It certainly is as beneficial to the community as a whole as providing them with an education. The benefit to the community in having these citizens become productive and self-supporting is far greater than any material benefit which may accrue to the individual. Instead of being negative economic influences who require government support and social assistance, people can be taught, and assisted, to become positive economic forces who will in turn employ other people. As with education, providing economic opportunities to needy people contributes to the relief of poverty. Unlike the traditional objects of charity, such people become equipped and empowered to support themselves on a continuing basis. In international charitable activities Revenue Canada (as evidenced by its acceptance in the Discussion Paper of joint ventures in which the Canadian International Development Agency participates[23]) has long accepted that it is development activities, as opposed to "relief" activities, which provide a long-term solution to the relief of poverty notwithstanding that there is more opportunity for private benefit in development. Authorizing charities to engage in micro-enterprises and community development activities in Canada is simply allowing domestic charitable activities to enjoy the same opportunities as international charitable activities.

Charities are currently permitted to make grants on the basis of excellence or need and to lend money to pay for direct education costs or for the living expenses of people who are receiving education. They should also be allowed to make grants or lend money on the basis of need for the start-up costs for a needy or disadvantaged individual embarking on any enterprise, business, profession, vocation, trade, craft or service where traditional or commercial sources of funding are effectively blocked. This will enable recipients to become productive participants in the community. Providing courses designed to educate people to prepare them for entering upon or engaging in any enterprise, business, profession, vocation, trade, draft or service is generally held to be charitable; yet such courses are only academic exercises unless the student is given the resources necessary to put education into practice. Providing grants for such a student to develop and implement a business plan and providing a supportive environment in which that plan can succeed can fall within the head of charity which provides for the advancement of education.

Making grants and lending money to people who are advancing their education or to people who are in the process of preparing for, establishing, entering upon or engaging in any enterprise, etc. also falls within the head of charity which provides for the relief of poverty. By assisting needy persons to advance their education and to become gainfully employed or otherwise self-sufficient, a charity will reduce the number of persons in the community who are dependent on conventional charity. This will permit more people to become productive participants in the community and will enhance the quality of life in the

community. In achieving this goal, the micro-enterprise or community economic development activity also falls within the fourth head of charity.

The law of charities needs to recognize that it is not only formal education which advances education. The provision of loans or seed capital to establish a business or enterprise advances education even further and does not provide a personal material benefit greater than is provided by assisting an individual to obtain a professional degree at a university. Society will benefit if charities can teach needy individuals how to take business risks so they can learn what is necessary for a successful business career. Charities can create a real-world classroom in which people who do not qualify to go to college or to get conventional education will find guidance and the opportunity to learn about real-world risks. This way the less privileged will have the opportunity to learn in a manner similar to that of those who are more privileged. The risks of abuse can be minimized through careful screening of the applicant charity to ensure that it has the experience and ties with the business and institutional lending sectors necessary to comply with appropriate controls established by the Department.

Conclusion

The Discussion Paper raises many useful points about the tax administration in support of the law of charities. It would be very helpful if the Department could go even further and seek to facilitate the evolution of the law of charities so Canadian charities can better serve the needs of contemporary Canadian society.

FOOTNOTES

1. P. 14.
2. (1987), 87 D.T.C. 5306 (F.C.A.).
3. *Ibid.* at p. 5309.
4. *Ibid.*
5. P. 14.
6. *Supra*, footnote 2 at p. 5311.
7. (1985), D.T.C. 5433 at p. 5436.
8. *Leary* v. *Federal Commissioner of Taxation* (1980), 32 A.L.R. 346.
9. P. 15.
10. *Ibid.*
11. *Supra*, footnote 7.
12. May 14, 1986, paragraph 3.
13. *Supra*, footnote 7.
14. P. 16.

15. Paragraph 149.1(1)(e).
16. *Ibid.*, (a).
17. Information Circular 87-1, "Registered Charities–Ancillary and Incidental Political Activities", Revenue Canada Taxation, February 25, 1987, Appendix A "Meaning of Terms".
18. P. 19.
19. (1986), 86 D.T.C. 6353 (F.C.A.).
20. [1967] 3 All E.R. 215 at 223; [1968] AC 138 at 154.
21. *Supra*, footnote 19 at p. 6358.
22. (London: Her Majesty's Stationery Office, 1989) at page 12.
23. Pp. 16 and 17.