



2.2 What is charitable?

Excerpt from CRA website

To qualify for registration as a charity, an organization must have purposes that are exclusively charitable and charitable activities that support those purposes. The purposes (also called objects) describe the aim or main intent of the organization. The activities describe how the organization will accomplish its purposes.

The term **charitable** is not defined in the *Income Tax Act*, so we consider common law (court decisions) to determine what is charitable.

Charitable purposes

The courts have identified four categories of charity:

- relief of poverty
- advancement of education
- advancement of religion
- other purposes that benefit the community in a way the courts have said is charitable

An organization's purposes **must** fall within one or more of these categories to be considered for registration as a charity.

The following examples list what would generally be considered charitable under each category of charity. Note that these lists are not complete.

Relief of poverty

To relieve poverty in the charitable sense means to bring relief to the poor. The poor are those who lack the basic amenities available to the general population. For more information, go to CSP-P03, Poverty.

Examples:

- operating a food bank for the benefit of the poor;
- providing non-profit residential accommodation for persons of low income;
- providing clothing, and other basic amenities to persons of low income; and
- providing the necessities of life to victims of disasters or sudden catastrophes.

Advancement of education

To advance education in the charitable sense involves the training of the mind, advancing the knowledge or abilities of the recipient, or improving human knowledge through research. For more information, go to CSP-E01, Education.

Examples:

- establishing and operating schools or similar educational institutions;
- providing scholarships, bursaries, and prizes for scholastic achievement;
- increasing the public's appreciation of Aboriginal culture; and
- doing research in a recognized field and making the results available to the public.

Advancement of religion

To advance religion in the charitable sense means to preach and advance the spiritual teachings of a religious faith, as well as to maintain the doctrines and spiritual observances on which those teachings are based.

Examples:

- establishing and maintaining buildings for religious worship and other religious use;
- organizing and providing religious instruction; and
- carrying out pastoral and missionary work.

Other purposes beneficial to the community

This category includes various purposes that do not fall within the other categories but which the courts have recognized as charitable. For more information, go to CSP-C10, Other purposes beneficial to the community.

Examples:

- relieving a condition or disability associated with old age, which includes; providing facilities for the care and rehabilitation of the elderly;
- preventing and relieving sickness and disability, both physical and mental);
- providing certain public amenities to benefit the community; and
- providing counselling services for people in distress

Charitable activities

Activities are an organization's programs or how it accomplishes its purposes. **Charitable activities** are activities carried out to fulfill a **charitable purpose**. Without a charitable purpose, an organization cannot have charitable activities.

An organization must show that it devotes all of its resources (funds, personnel, and property) to **charitable activities** that directly further its **charitable purposes**. For example, the purpose "to relieve poverty by operating a food bank for the benefit of the poor," has to be accompanied by a statement of activities showing how the organization will accomplish this purpose.

Public benefit test

To be registered as a charity, an organization's purposes and activities must also meet a public benefit test. To qualify under this test, an organization must show that:

- its purposes and activities provide a measurable benefit to the public; and
- the people who are eligible for benefits are either the public as a whole, or a significant section of it. The beneficiaries cannot be a restricted group or one where members share a private connection.

An organization that wants to limit its beneficiaries unreasonably, or offer an unreasonable benefit to a group or individual, will not qualify.

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