

October 6, 2003

The Honourable Elinor Caplan  
Minister of National Revenue  
Connaught Building  
7<sup>th</sup> Floor, 555 MacKenzie Avenue  
Ottawa, ON  
K1A 0L5

Dear Minister Caplan,

**Re: CCRA Policy Statement CPS –022 (the “New Guidelines”)**

On behalf of the Voluntary Sector Forum, the Canadian Centre for Philanthropy (CCP) and IMPACS – Institute for Media, Policy and Civil Society, we are writing to briefly share our views with you regarding the final version of the New Guidelines on advocacy or political activity by charities that were made public by the CCRA on September 16, 2003.

Our first comment is that we appreciate the effort made by your staff to bring coherence to the administrative treatment of this complex issue. The New Guidelines are an improvement over previous administrative materials. Given the existing legislative impediments, your staff members have made progress.

Unfortunately, the concerns we raised about the earlier draft of the New Guidelines in the joint CCP-IMPACS letter to you dated February 5, 2003 and the VSF letter sent to the Charities Directorate dated April 24, 2003 (copies attached), remain largely unchanged in the final version. The most fundamental concern is that while the New Guidelines expressly recognise the value that charities can add to public policy debate and policy formulation in Canada, they continue to restrict participation of this kind by charities.

Similarly, the specific concerns we described in the February 5 letter regarding:

- “Calls to Political Action,”
- Communication, and
- The New Expenditure Limit Formula

have not been addressed. Moreover, there are just partial corrections regarding the issues of:

- Retroactive Penalties, and
- The definition of “Well-reasoned Position”.

We believe strongly that amendments must be made to the *Income Tax Act* to remove the impediments that prevent the adoption of a better approach to charities and public policy input. The result will be more vital, informed and balanced public policy debate and decision-making and a healthier democracy in Canada. We appreciate that the *Income Tax Act* is not your responsibility, but we would be very grateful for your assistance with our efforts to advance such amendments.

We would be pleased to meet with you to discuss this in person.

Sincerely,



Gordon Floyd  
Canadian Centre  
For Philanthropy



Shauna Sylvester  
Executive Director  
IMPACS



Monica Patten  
Chair  
Voluntary Sector Forum

cc. Maureen Kidd, Director General, Charities Directorate, CCRA  
Stephen Richardson, Sr. Assistant Deputy Minister, Tax Policy, Dept. of Finance