

Canada Revenue Agency

[Home](#) > [Charities and giving](#) > [Charities](#) > [Policy and guidance](#)

> CRA - Charities - Policy Commentary CPC-014, Funding Qualified Donees

Funding Qualified Donees

Policy Commentary

Release date

August 12, 1998

Reference number

CPC-014

Subject

Charitable purposes - Whether the disbursement of funds to a qualified donee includes the provision of goods and services to a qualified donee

Purpose

To clarify the Directorate's policy regarding the registration of organizations established to fund qualified donees.

Commentary

1. The phrase "disbursement of funds to qualified donees" in subsection 149.1(1) of the *Income Tax Act* ("charitable purposes") is intended to include the transfer of any property in kind.
2. The term "fund" is a generic, non-specific term. In the plural, this word has a variety of slightly different meanings, as follows: moneys and much more, such as notes, bills, checks, drafts, stocks and bonds, and in broader meaning may include property of every kind.
3. There is little difference between a registered charity giving money to a qualified donee to enable the latter to acquire property it needs, and a registered charity purchasing the property itself and then donating the property to a qualified donee.
4. Although "funds" is a broad term, it does not extend beyond property to include services. Therefore, an organization established to provide services to qualified donees cannot take advantage of the deeming provision in subsection 149.1(1). For example, a registered charity could not hire architects and instruct them to draw up plans for a qualified donee's new building, but it could provide funds to the qualified donee to hire architects.
5. The provision of services to registered charities can be a charitable purpose at common law. Accordingly, where an organization's main purpose is to promote the efficiency and effectiveness of other registered charities, the organization can qualify for registration.

References

- [Policy Statement CPS-026, Guidelines for the Registration of Umbrella Organizations and Title Holding Organizations](#)
- *Black's Law Dictionnary*, 7th ed., St. Paul: West Group, 1999.
- *Income Tax Act*, R.S.C. 1985 (5th supp.) c.1, ss. 149.1(1).