



Office of the President and
Chief Executive Officer

Cabinet du président
et chef de la direction

August 9, 2012

Hon. Gail Shea, P.C., M.P.
Minister of National Revenue
555 MacKenzie Avenue
Ottawa, ON K1A 0L5

Dear Minister:

Thank you for your letter of August 2nd and your leadership in addressing the concerns created by the Canada Revenue Agency's "education letters" to non-profit organizations (NPOs) audited as part of the Agency's NPO risk identification project.

To ensure that as many Canadian Chamber member and non-member NPOs as well as the legal and professional services firms who provide advisory services are aware of your actions, I have posted an acknowledgement on our website along with a copy of your letter. We are also sending your letter to our association, law and professional service firm members directly. I know that your commitments will be a source of relief for NPOs.

Two additional points of clarification would be very helpful. The first would be more detail on the new NPO project audit procedures being provided to CRA officials. Second, we had also discussed the CRA clarifying the NPO project with those NPOs that received education letters in the same manner, i.e., by letter, as it would assist them in setting the record straight with their boards and members. Could you confirm the manner in which the CRA will communicate with these NPOs?

To ensure that the communications on this project are as clear as possible, we would be pleased to work with the CRA in distributing materials to our members that clarify the purpose and methodology of the risk identification project as many organisations found themselves under audit without a clear understanding of what CRA was looking for. NPOs being audited as part of this project would benefit greatly from knowing what parameters the CRA officials are working within.

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Canada's NPOs exist to contribute to the well-being of our citizens, and they fully understand the government's goal of ensuring that the tax treatment that applies to the sector is not abused. I would like to repeat the offer I made to you when we met to collaborate with the CRA on this fact finding project and with the Department of Finance if the government's goal is to modernise the *Income Tax Act*. We believe that for this project to be successful, it is important that the sector be fully involved in the review.

Minister, thank you, again, for your response and actions.

Sincerely,

A handwritten signature in black ink that reads "Paul Beatty". The signature is written in a cursive, flowing style.

President and Chief Executive Officer

c.c. Hon. James Flaherty, Minister of Finance
Linda Lizotte-MacPherson, Commissioner, Canada Revenue Agency