

No More Charitable Status

A challenge facing Canadian Christian churches, ministries and missions groups

Should churches and Christian ministries have charitable status?

Many churches, denominations, and missions organizations in Canada are registered with the government as charities, under the purpose of “the Advancement of Religion.” Being a charity means being recognized as beneficial for society, and thus receiving a number of benefits and privileges. It also means accepting a significant degree of oversight and governance from the State.

Although the government does not directly fund registered charities, they do assist and subsidize them in a number of ways. Donations given are effectively matched in part as significant tax credits are given to those making donations to registered charities. As explained by one legal source:

*"Registered charities are allowed to give tax receipts for donations they receive. People and businesses that donate and get these receipts can use them to reduce the income tax they owe to the government. **Governments therefore give up large amounts each year** that they would have collected in taxes if charities were not issuing receipts." (Éducaloi)*

Buildings and land belonging to religious charities and used for charitable purposes are also exempted from property taxes,¹ and church professionals are given a substantial clergy residence deduction.²

In Canada, these benefits for religious charities (of which Christian groups make up a large part) add up to over \$1 billion each year that is kept out of public tax money.³ (In the U.S., the cost is \$71 billion per year.⁴) Charitable status translates into a great financial benefit to Christian groups and their donors, at the expense of the Canadian public.

But should the Church or Christian groups be depending on this form of public subsidy? How do our neighbors feel about this? And what sort of compromises does the church need to make to receive these benefits? Are the state oversight and legal limitations that come with charitable status a hindrance for the body of Christ?

How do non-believing Canadians feel about Christian charities receiving tax exemptions?

As many have observed, property tax exemptions and tax-credits come at a cost to the general tax-paying public. Kernaghan Webb has explained how charitable status works as a form of "public subsidy."⁵ Contributions by the public are made in an indirect way to lessen the financial burden of registered charities and their supporters. The logic behind this form of subsidy, as explained by another, is that since a charity is "doing a public good" it "deserves public support."⁶

But is everyone happy about this mandatory public support?

People may resent charities and churches that are a drain on the public budget, of which everyone shares a part. Not everyone wants to help support our churches, mission agencies, and evangelistic organizations. Are we loving our neighbor while we benefit from money they're resentful about giving up?

One does not have to look very far to find people who are embittered towards the faith and the Christian community because of this very issue. As someone who sparked a large online discussion has said,

*"Personally, I feel like the church does pretty well on its own, and doesn't require every tax paying citizen to continue to fund its activities. ... Not paying taxes is the same as getting federal/provincial funding equal to the amount of taxes (Especially property tax) not being paid."*⁷

In this discussion, you can find a lot of resentment from ordinary Canadians having to 'pick up the slack' from a tax-exempt (and therefore 'publicly funded') Church.

We are faced with a very simple problem: if someone doesn't want to give money to us, and we continue to take it from them, something is wrong. There are people who do not want to

be giving their tax-money to Churches, missionaries, and Christian organizations. So why should we work to have that money extracted from them? Isn't that a bit like co-operating with extortion against their will? **We cannot love our neighbor while at the same time we are taking money that they do not want to give.**

"Do not take money from anyone by force." (Luke 3:14 NASB)

There are a significant number of people who are offended and frustrated about having public money used to support evangelical ends.⁸ Is this really a good reason to turn people off from the Christian community? Shouldn't we do everything we can to remove this kind of offense?

"Be careful to do what is right in the eyes of everyone. If it is possible, as far as it depends on you, live at peace with everyone." (Romans 12:17-18)

Many secular groups may jostle and vie for their cut of public funds. But as the body of Christ, and as the servants of everyone, wouldn't it be better to avoid this public contention? After all, there are some serious side-effects that come with the benefits of charitable status.

What is the cost of receiving these benefits?

Does charitable status involve giving up the leadership of the Church to unbelieving overseers?

In any registered charity, there are legal limits as to how funds and resources may be used, and the final say always belongs to the CRA and the Canadian Government. A church or missions board may feel led to use treasury funds for a number of needs or causes that may arise. With a charitable status, however, they are not always free to do so.

"According to the Income Tax Act, a registered charity can only use its resources (for example, funds, personell, and property) in two ways, whether inside or outside Canada:

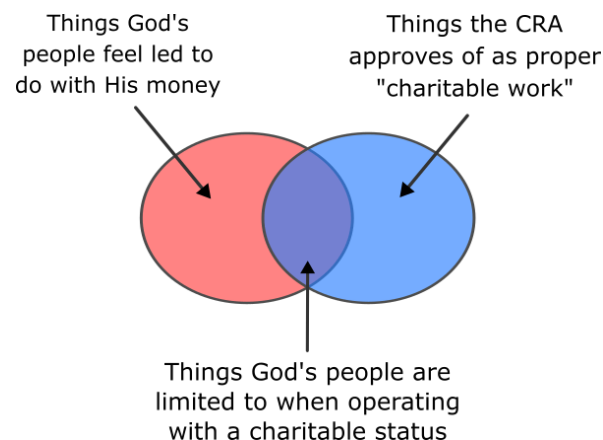
- on its own activities (those which are directly under the charity's control and supervision, and for which it can account for any funds expended); and*
- on gifts to qualified donees." (Canada Revenue Agency)*

An official charity cannot simply give its funds as they may feel led by God. They must spend it all on their own activities, or give a limited amount to other CRA-approved charities.⁹ If they are to give it to anyone else, they must maintain control and direction of whatever's being done with the money through things like contracts or joint-venture agreements.¹⁰ Even missionaries have to be sent as employees, working to carry out projects and activities directed by and on behalf of the organization. They cannot be freely sent out like Paul and Barnabas were in Acts 13.¹¹ Charities cannot give to someone without 'employing' them or using them as an agent for their own ends.

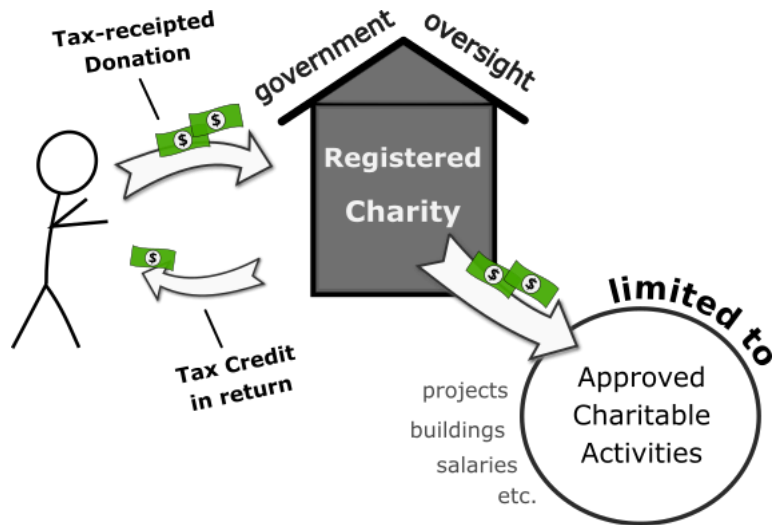
"Even if a person or organization is trustworthy or reputable, a charity must be able to show it directs and controls the use of those funds, or it will be subject to sanctions under the Act--up to, and including, revocation of its charitable status." (Canada Revenue Agency)

Is this a healthy way for the body of Christ to be operating? Don't these requirements introduce a spirit of financial control and domineering into ministry activities? And doesn't this stifle our actions and generosity?

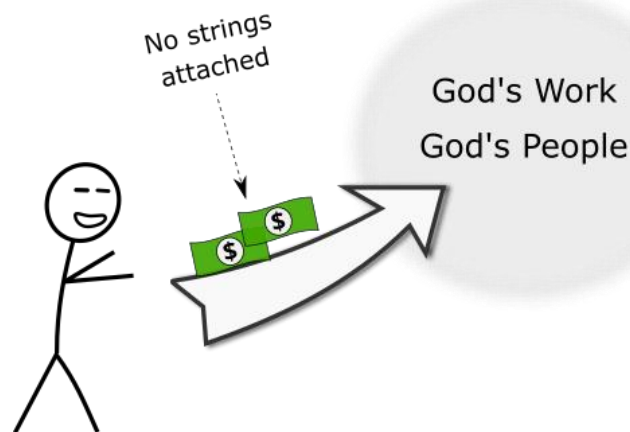
There are many good uses of donated money would not fall within these limitations on charities' work. For example, in most cases: Paying for your pastor's salary... that's OK. Giving money to Bill the evangelist, who's serving the Lord but not under your supervision and control... not allowed. Paying for building repairs on your ministry center... that's OK. Giving funds to a group of foreign Christians in need... not allowed. Organizing a fundraiser for a group that doesn't have official charitable status... not allowed.¹² Passing around an offering plate and receiving gifts for a visiting missionary's separate overseas work... not allowed.¹³



This is a natural consequence of the way that funds are given and received with a charitable status. Money cannot be freely used as needed, because it wasn't freely given in the first place. By awarding tax-credits for gifts to charities, the government has essentially invested up to \$40 for every \$100 given, and so government interest and control should be expected. In fact, all of a charities funds, including unreceipted gifts, are subject to the same limitations.¹⁴ With the government's financial privileges comes government control.



Without charitable status, however, people simply give gifts with no legal strings attached, receiving nothing in return. Then God's people are free to use these funds as the Spirit may lead them, without any obligations or limitations from the government. This is the way that giving worked in the New Testament church, and it still works this way in many places of the world where Christian groups do not have official charitable status.



"Give to Caesar what is Caesar's. Give to God what is God's" (Mark 12:17)

Many would say that Christian groups should work with a charitable status because they need to be good stewards of God's money, and that involves making the most of opportunities for tax exemptions. But are we really being good stewards of God's money if we lock it into a limiting, controlling system?

“Does this really affect the way we do things?”

Imagine a church board meeting made up of 6 people from the congregation and one non-believer from outside the church. While the group discusses ideas about what to do with the money given in the offering plate, they all turn to the one outsider and ask for approval for each idea, since he has the final say and could veto any decision made by the group.

“Ok folks, let’s talk about what to do with this year’s surplus: What if we gave ‘x’ dollars to take care of these 5 widows and single mothers in our church?”

The unbeliever shakes his head in disapproval, explaining how they can only use money in the benevolent fund for that, and the idea is forgotten.

“What if we sent this money to these believers in need in ‘x’ country?”

“That’s not allowed either,” the outsider explains, “because those people are not a registered Canadian charity, and you don’t have an organization working there and managing the funds.”

“Frank’s working hard at reaching the youth in his neighborhood on the outside of town, and he’s had his hours cut at work. We’ve been praying and we feel we should give him a bit of support to help him this month,” someone else proposes.

“No,” says the outsider, firmly vetoing the idea. *“He’s not a licensed worker with your denomination and you don’t have a joint-ministry plan or supervision agreement drawn up with him, so you can’t give him any money.”*

Then someone dares to ask, *“Hey, that guy doesn’t even believe in Jesus, and we’re letting him run this meeting! Why are we inviting him in?”*

“Well,” someone explains, *“he gives us each \$50 a week if we let him watch over these meetings, so we figured it’s a good idea to keep him here.”*¹⁵

That would be tragic, wouldn't it? Sadly, this is not much different from what happens when church or mission groups work together with the government for the sake of a charitable status. Control is shared with an outside body, and limitations are accepted for the sake of financial benefits.

"Do not be bound together with unbelievers; for what partnership have righteousness and lawlessness, or what fellowship has light with darkness? Or what harmony has Christ with Belial, or what has a believer in common with an unbeliever?" (2 Corinthians 6:15)

With a charitable status, Christian groups are bound up with outside regulators and not completely free to operate as they may feel led. They are only allowed to operate under certain terms and conditions, as a corporation might be able to operate under a charter. They are spiritually bound by their word, and practically bound by the arm of the law. This is all agreed to for the sake of tax-receipts for donors and other tax exemptions and rebates.¹⁶

Tragically, co-leadership of churches and ministry groups is essentially sold to the government for the price of a few financial benefits. For many, this is not intentional, it's just the way things have always been done. But should it be?

"You were bought with a price; Do not become a slaves of men." (1 Corinthians 7:23)

Charitable law can be a tough taskmaster

Charities are under contract to serve special terms and requirements laid out by the State, both federal and provincial.¹⁷ Anyone who has read the 500-page Charities Handbook of the CCCC knows there is a massive array of rules, regulations, and provisions that comes along with Charitable Status.

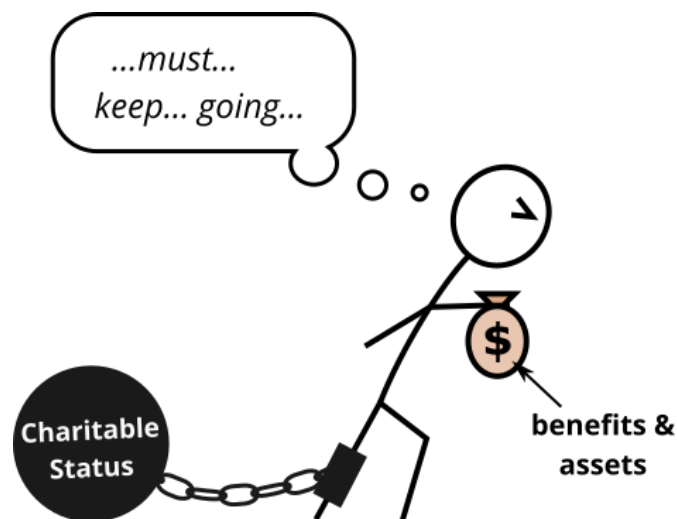
And so, ministry with a charitable status is no longer as simple as discerning the Lord's leading, working to please Him, and being good, honest stewards. Charities also need highly skilled, qualified accountants and have to spend a lot of time and money keeping airtight books, and fulfilling "stringent reporting requirements."¹⁸ They often have a delicate balancing act to carry out as they try to do what they're led to do, and stay within the limitations of charitable governance.

This can cause a great deal of stress and difficulty for those faithfully serving in the finance offices of ministries and missions groups. There is always the concern of massive legal implications if anything goes wrong, or if a less-than-friendly auditor decides there are faults in subjective areas.

Could it be that having charitable status actually means submitting God's people to another master? **How is it possible to serve charity law, so that we can get more money, and at the same time serve Christ wholeheartedly and freely?**

"No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Mammon." (Matthew 6:24)

Perhaps most telling of the depth of State ownership and control over Christian charities is the fact that groups and churches *cannot leave* the agreement of charitable status without losing all their assets and property. Legally, any group wishing to get out of charitable status will be forced to either give away all their assets, or pay for them all in through an equal 'revocation tax.'¹⁹ Is this not a serious form of ownership and bondage?



Could churches and Christian ministries lose their charitable status?

The evangelical community in Canada is quite accustomed to life with a charitable status. But there is no guarantee that this status will be available for years to come. In fact, the church's charitable status could be on much thinner ice than in years past.

All Canadian charities are subject to the "Public Benefit Test" which "requires that a charitable purpose be for the benefit of the community (at large) or a sufficient segment of the community."²⁰ Currently the 'Advancement of Religion' is presumed to have public benefit, but this presumption could easily be challenged, as it was in a recent case,²¹ and changed.²²

Canadian Law states that, "The courts have held that an organization is not charitable in law if its activities are contrary to public policy."²³ It is probably only a matter of time before the Church's teaching on homosexuality, for example, is publicly recognized as contrary to public policy.

(note: These issues should also prompt some deeper questions: **Should Churches and Christian groups even be agreeing to act in harmony with public policy in the first place? And should we be pledging to work for the world's idea of "public benefit?"** These are serious agreements, with serious spiritual implications.)

Just last year there was a well written appeal put forward to remove "advancement of Religion" as an eligible charitable activity.²⁴ Americans are also calling for this change, and there has even been an article in Time Magazine saying that "Now's the time to end Tax Exemptions for Religious institutions."²⁵ The time could be coming sooner than we think.

It would be quite painful and damaging to lose charitable status while so many are still depending upon it so heavily. In a way, the dependence on the benefits of the State is analogous to the Israelites' dependence on Egypt's described by Ezekiel.

*"You have been a staff of reed for the house of Israel. When they grasped you with their hands, you splintered and you tore open their shoulders; when they leaned on you, **you broke and their backs were wrenched.** ... Egypt will no longer be a source of confidence for the people of Israel but will be a reminder of their sin in turning to her for help." (Ezekiel 29:7, 16)*

Why not get away from this dependence on the foreign 'staff' of charitable status before it's broken or forcibly removed from underneath us? Would it not be more dignified to voluntarily renounce it, before the church is publicly embarrassed by the revocation of its charitable status? Would this not be a wonderful opportunity to show love to our tax-

paying neighbors and trust in our God by willingly letting go of public money and privileges?

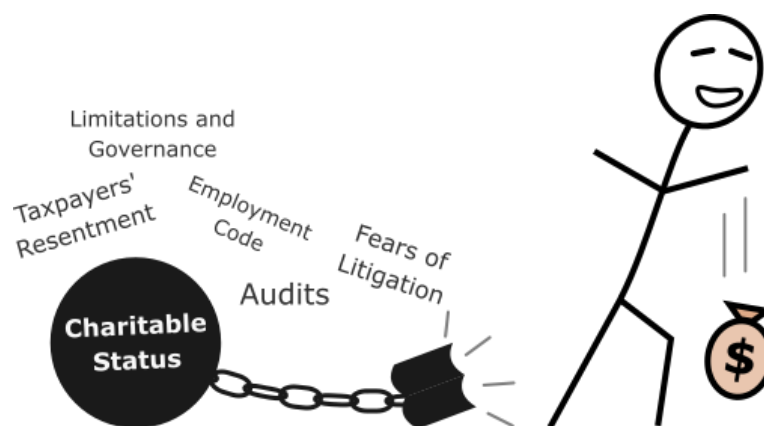
How will the church survive without charitable status and tax-receipts?

The church will walk in freedom

Without charitable status, churches and Christian ministry groups would be free from the obligations, agreements, and problems described above. Missions and ministry leaders would not be locked into the obligations and control over spending and activities that come with a charitable status. Churches would be free to truly give and share, without limitations.

Christians would also be free from the offence and resentment that charitable status causes among our unbelieving neighbors. We would not be taking anything special from the public budget; we would just be paying our taxes like everyone else.

Without charitable status, we are not a public charity, with public subsidy and public oversight. We are simply the family of God, serving Him and loving our neighbors. In other words, we are free.



The church will walk in integrity and accountability

How would the church in Canada function without the accountability and oversight that the CRA provides for charities? Some would say this could lead to all kinds of dishonesty and greed. But according to the scriptures, relying on secular courts to settle disputes or hold

believers accountable to each other is not only unnecessary, it's embarrassing and wrong. The body of Christ must provide leadership and accountability for itself.

"If any of you has a dispute with another, do you dare to take it before the ungodly for judgment instead of before the Lord's people? Or do you not know that the Lord's people will judge the world? And if you are to judge the world, are you not competent to judge trivial cases?" (1 Corinthians 6:1-2)

Without secular governance over the spending of donations, believers will have to learn to be open and accountable to each other and to God. We will ultimately have to fear God, who struck Ananias and Sapphira dead for dishonesty, rather than the CRA, who can slap our wrists with a fine. And God's people will have the ability discern when it is right to give to who, without depending on the CRA's guidance about who is or isn't a worthy or 'qualified donee.'

God will provide everything we need

Our heavenly Father will see to it that we receive everything we need to live and serve him if we wholeheartedly trust and follow him. We do not need any form of the state's patronage, and we certainly do not need to make any questionable, restricting agreements to secure a few extra dollars at tax-time, or to avoid paying property tax. We only need to walk in righteousness, serve God, and love our neighbors, and we will have everything we need.

"So don't worry about these things, saying, 'What will we eat? What will we drink? What will we wear?' These things dominate the thoughts of unbelievers, but your heavenly Father already knows all your needs. Seek the Kingdom of God above all else, and live righteously, and he will give you everything you need." (Matthew 6:31-33, NLT)

God provides for the needs of his servants and children as he moves hearts to give and share. "But would people give if we can't offer tax-receipts?" some may ask. If the Holy Spirit truly is leading people to give and share, a lack of tax receipts will not stop this. It would be faithless to claim that we would not have the money needed to function and serve God if it were not for charitable status and its benefits. After all, who is our provider?

In Canada and other places in the world, many Christian churches, groups, and missionaries are functioning just fine on donations with no tax-receipts or special tax exemptions. I myself have been living as a full-time missionary for three years now without charitable status or tax receipts and, praise God, every need has been met in abundance.

"God's work done in God's way never lacks God's supply." (Hudson Taylor)

"Fear the Lord, you his saints, for those who fear him lack nothing. The lions may grow weak and hungry, but those who seek the Lord lack no good thing." (Psalm 35:9-10)

Without charitable status, God's children in Canada will learn to give without expecting anything in return. Giving and sharing will continue without tax-receipts. Life and ministry without charitable status will be a wonderful opportunity to see how our God really does provide for his servants through his cheerful givers.

What can Christian charities and their donors do now?

Let's be honest...

We need to remember that charitable law is not some immutable law of the land that makes trouble for helpless Christian groups. Charitable law is a set of conditions and provisions that Christian groups have voluntarily agreed to for the sake of financial benefits.

It's not really fair to keep telling people, "The government requires us to do 'x', 'y', and 'z' or else they'll shut us down." This is not the only way of operating. It would be more accurate to say, "We've agreed to do 'x', 'y', and 'z', so that we can have charitable status, and we need to hold up our end of this agreement."

And then, many may ask: Why should we enter into these agreements and compromises for charitable status in the first place?

Some changes need to be made...

The Church needs to be Christ-centered, and not CRA-centered. Christ needs to be the center of all our decisions, and all our spending. We need to live free from unholy alliances, do whatever we can to love our neighbors, avoid unnecessary offence, and take responsibility for every dollar given to God's work. We need to function as a family, and not

as a business or a public corporation. To really live this way, I believe we need to let go of charitable status and its benefits.

Church, denomination, and missions agency leaders, give up your charitable status and pave the way forward for God's people to live and serve without this crippling crutch. You can apply to have your charitable status revoked and continue to serve God and his people, without being dependent on your charitable status and its privileges. You can trust that God will provide, (even without paychecks, CPP, and EI) as we work and share as a body together.

Of course this will seem costly at first. Groups seeking to abandon charitable status will have to give away all of your property and assets, or pay for it all in revocation tax.²⁶ But after letting go of everything, you will be free from the moral, spiritual, and financial entanglements of charitable status. Ministry will look drastically different, but God will provide for whatever needs to happen.

"Pray for mercy... that you would be released from your agreements. 'If you have shaken hands in pledge for a stranger, you are snared by the words of your mouth ... deliver yourself.'" (Proverbs 6:1-3)

We need to face up to the depth and the costs of the agreements made with the State through charitable status. We need to be honest about the effects and implications that this has. Could it be that Jesus was warning us about something similar when he said, "Watch out; **beware of the yeast** of the Pharisees and **of Herod**" (Mark 8:15)? Just a little bit of yeast leavens and changes the whole batch of dough.

- A concerned Christian brother

Thank you for taking the time to read these questions and thoughts. If any part of what I've written is valid, it looks like we have a serious spiritual and moral problem on our hands. Please give all of this some deep thought and prayer. If something is wrong, we need to take action and make changes.

In review, I believe that churches and missions groups should give up charitable status and its benefits because:

We don't need them

- God has promised to provide for our every need
- The gates of Hell, or financial difficulty, will never prevail against the Church
- The body of Christ can provide accountability for itself

We shouldn't have them

- We should not be using money taken from taxpayers who don't want to help us
- We should not be giving up control or ownership of the Lord's money and people to unbelievers
- Charitable law creates an unnecessary burden, strain, and limitation on ministry groups
- We should not pledge to work for the world's idea of "public benefit"
- We should not be depending on something that could easily be removed from underneath us

Footnotes:

¹Jeffery Patterson (1999) "[An Examination of Canadian Property Tax Exemptions](#)" ICURR Publications, p. 18

²"[Clergy Residence](#)" Canada Revenue Agency

³"[Charitable Status for Advancing Religion: Submission to the Standing Committee on Finance House of Commons, Parliament of Canada](#)" Canadian Secular Alliance (2014)

⁴Ryan T. Cragun, Stephanie Yeager, Desmond Vega (2012) "[Research Report: How Secular Humanists \(and Everyone Else\) Subsidize Religion in the United States](#)" Free Inquiry, Vol 32, No 4

⁵Kernaghan Webb (2000) "[Cinderella's Slippers? The Role of Charitable Tax Status in Financing Canadian Interest Groups](#)" SFU-UBC Centre for the Study of Government and Business, Vancouver, p. 117

⁶Ray Pennings (2014) "[Taxes are Good, but Charity's Better](#)" The Cardus Daily

⁷"[Should Canadian Religious institutions still maintain Tax Exempt Status?](#)" Reddit Canada

⁸See [Annie Laurie Gaylor's FAQ](#) at [ffrf.org](#) or [this report](#) (American examples), or this [Canadian example](#)

⁹A charity may only give up to %50 of its income to qualified donees. "2010 Charities Handbook" Canadian Council of Christian Charities, p. 60 (ch. 3, Operating a Charity)

¹⁰"2010 Charities Handbook" CCCC, p. 52-59 (ch. 3, Operating a Charity)

¹¹"The first principle is that in spite of God's involvement in calling the workers and His desire to see the work succeed, in the eyes of the law, a mission is like any other employer. ... Like any employer, the mission cannot support a missionary 'doing his own thing', but rather must give direction to the missionary. ... It is important to remember that the mission and missionary are, in the eyes of the law, in an employer-employee relationship." David Johnson "[Administering Missionary Expenses](#)" Canadian Council of Christian Charities, May 2008, Issue 3. Also see "Charities Handbook" CCCC (ch. 16 Employee or Self-Employed)

¹²"2010 Charities Handbook" CCCC, p. 135 (ch 3, Donor Gifts to Charities)

¹³These limitations are binding, even for unreceipted gifts. "2010 Charities Handbook" CCCC, p. 138-139 (ch 3, Donor Gifts to Charities)

¹⁴For this reason a church with charitable status is not even allowed to pass around an offering plate and collect money for a visiting missionary's separate overseas work. Any cash in hand is subject to the same limitations. "2010 Charities Handbook" CCCC, p. 139-140 (ch 3, Donor Gifts to Charities)

¹⁵In this situation it could also be said, "And if we tell him to leave at this point we have to give him all our property and funds. We'd lose everything if he left." (See "[Consequences of terminating registration \(voluntarily\)](#)" Canada Revenue Agency)

¹⁶"2010 Charities handbook" p. 27 (ch 1. Establishing a Canadian Charity)

¹⁷"[Provincial and Territorial Government Contracts](#)," Canada Revenue Agency

¹⁸"2010 Charities handbook," p 28 (ch 1, Establishing a Canadian Charity), p. 403-430 (ch. 27. Accounting Systems)

¹⁹"[Consequences of terminating registration \(voluntarily\)](#)" Canada Revenue Agency

²⁰"[Guidelines for Registering a Charity: Meeting the Public Benefit Test](#)" Canada Revenue Agency

²¹"[A taxing time for churches and social groups](#)," April 14, 2010, Vancouver Sun and Steve Weatherbe (2009) and "[Tax Breaks Challenged](#)" BC Christian News

²²"[Guidelines for Registering a Charity: Meeting the Public Benefit Test](#)" Canada Revenue Agency, section 3.1.1

²³"[Public Policy CSP-P13](#)" Canada Revenue Agency

²⁴"[Charitable Status for Advancing Religion: Submission to the Standing Committee on Finance House of Commons, Parliament of Canada](#)" Canadian Secular Alliance (2014)

²⁵Mark Oppenheimer (2015) "[Now's the Time to End Tax Exemptions for Religious Institutions](#)" Time

²⁶"2010 Charities Handbook" p. 110-111 (Ch 9. Reorganization and Revocation) and see "[Consequences of terminating registration \(voluntarily\)](#)" Canada Revenue Agency