



NO.: IC77-6R

DATE: December 30, 2011

SUBJECT: Designation as Associated Charities

This circular cancels and replaces Information Circular 77-6, dated April 18, 1977. This document is also available for download in other formats.

This version is only available electronically.

1. Subsection 149.1(6) of the *Income Tax Act* allows a charitable organization to disburse any amount of its income to **associated charities**. Associated charities can pass funds among themselves without being subject to the current limitation placed on charitable organizations when making gifts to other qualified donees. The Act requires that charitable organizations gift no more than 50% of their income to qualified donees; otherwise, they may be re-designated as public foundations. Charitable organizations designated as **associated charities** can transfer more than 50% of their income to other registered charities that have been designated as charities associated with it, without losing their charitable designation.

2. The purpose of this circular is to outline the conditions under which registered charities may be designated as being **associated** with other registered charities, under subsection 149.1(7) of the Act.

Relationship between Registered Charities

3. Registered charities that want to be designated as **associated charities** must have substantially the same charitable aims or activities.

4. There are different ways of demonstrating this relationship. For example, a provincial body with branches or chapters under its supervision may be related by constitution to those branches or chapters; a religious organization may have doctrinal as well as constitutional relationships with similar religious congregations; or two or more normally unrelated charities (the charitable aims or activities of the charities are different) may want to form a relationship by agreeing to undertake a joint project. In this third example, the charities must send the Charities Directorate complete details of how the project will operate and how each of the registered charities will participate to achieve the common goal. If the joint project is not completed within the specified time frame, the charities can request an extension to their associated status. If they complete the joint project before their associated status expires, the charities should request the revocation of their associated status.

Application Procedure

5. Registered charities who want the designation of **associated charities** for the purpose set out in paragraph 1 must mail or fax a copy of Form T3011, *Application for Designation as Associated Charities* to the Charities Directorate. Form T3011 is available at www.cra.gc.ca/charities, in the "Forms and publications" section. If we approve the designation, we will notify the registered charity in writing. The **associated charity** designation will take effect on the date specified in our letter.

6. Part I of the application must be completed when a national, provincial, or regional body wants the designation of associated charities with each of its branches, sections, chapters, congregations, or divisions, which are also registered charities. If approved, each registered charity listed in the application will be designated as a charity associated with each of the others, in addition to being designated as a charity associated with the main body. The form must be certified by a director/trustee or like official of the principal charity.

7. Part II of the application must be completed when two or more individually registered charities want to be designated as associated charities. The information requested in the application must be completed in detail, and the form must be certified by a director/trustee or like official of each of the registered charities.

Revoking the Designation of Association

8. If one registered charity within a group of associated charities loses its registered status, the designated association between the revoked charity and each of the other charities within the group will be revoked as of the date of the revocation of its registration. The other charities within the group will keep their associated status.

9. A primary charity is a registered charity that leads a national, provincial, or regional group of organizations and can be associated with each of its individual branches, sections, chapters, congregations, or divisions. If the primary charity within this group loses its registered status, it will also lose its associated designation with each of the individual branches within the group. This may also have implications for the designation of each of the individual branches/divisions with each other, depending on the extent

of their relationship with the primary charity. For more information, contact us at the number below.

10. The Charities Directorate may also revoke the designation of association where it is no longer justified or where it is evident that the designation has been abused.

11. For more information on this circular or its related documents, go to **www.cra.gc.ca/charities**.

12. You can call the Charities Directorate at:

- **1-800-267-2384**, or
- **1-800-665-0354** for TTY service for persons with a hearing or speech impairment.

13. You can fax us at **613-954-8037**.

14. You can write to us at:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5