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MONTRÉAL, QC -- (Globe Newswire) --

Budget includes PFC recommendations for major changes to the regulatory regime of Canada's charitable sector

PFC congratulates the Government of Canada for its announcements in budget 2022 to advance key aspects of the regulatory regime governing the charitable sector.

Based on extensive research and the largest consultation in the 20-year history of the organization, PFC made several recommendations in its pre-budget consultation submission, including a disbursement quota increase to 5 per cent in order to balance avoiding both capital accumulation and capital erosion, addressing the data deficit facing the charitable sector, and amending the Income Tax Act to help ensure more charitable dollars reach equity-seeking communities.

The Government of Canada announced in its 2022 budget a rate increase in the disbursement quota from 3.5 to 5 per cent for charities with assets over \$1M. PFC welcomes this increase.

In reaction to this announcement, Jean-Marc Mangin, President & CEO of Philanthropic Foundations Canada (PFC), said, “Charities are encouraged to spend generously above and beyond the disbursement quota, and many already do. This increase will lead to an injection of crucial funding into communities, while ensuring funding remains available for granting over the long term.”

The government announced that these changes will be effective in respect of a charity’s fiscal period beginning on or after January 1, 2023. PFC encourages the government to consider a reasonable transition period to these new regulations to help ensure the charitable sector can deliver on its obligations as effectively and equitably as possible.

PFC is also pleased that the government announced a review of this policy after five years.

In budget 2022, the government also stated that the Canada Revenue Agency will improve the collection of information from charities, including whether charities are meeting their disbursement quota, and on information related to investments and donor-advised funds held by charities. PFC applauds this announcement in increasing transparency.

Finally, PFC is encouraged by the government’s commitment to implement the spirit of Bill S-216, The Effective and Accountable Charities Act, to allow charities to provide resources to organizations that are not qualified donees, provided that the charity meets certain requirements designed to ensure accountability. PFC fully supports Bill S-216. PFC remains ready to collaborate with civil society partners and the government to achieve the goals of the bill to modernize the rules around ‘own

activities' and 'direction and control' for supporting more effective and equitable partnerships.

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About PFC

A registered charitable organization, PFC strengthens philanthropy – in all of its diversity – in partnership for a just, equitable and sustainable world. We are an enabler for the common good, working in collaboration with civil society, the private sector, and governments. For more than 20 years, we have been bringing grant makers together to connect, learn, and advance solutions for change on the issues that matter most.

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