



**Written Submission for the Pre-Budget  
Consultations in Advance of the Upcoming  
Federal Budget**

**By: ARPA Canada**

**To: the House of Commons Standing  
Committee on Finance**

## List of Recommendations

- **Recommendation 1:** That the government maintain the “advancement of religion” as a charitable purpose under the *Income Tax Act*.
- **Recommendation 2:** That the government maintain the charitable tax status of pro-life pregnancy care centres.
- **Recommendation 3:** That the government simplify and enhance the charitable tax credit by eliminating the 15% credit rate for donations up to \$200 and/or applying the top marginal income tax rate of 33% to apply to more charitable donations.

## Background

In the previous [Pre-Budget Consultation in Advance of the 2025 Budget](#), the Standing Committee on Finance recommended two changes to charitable designation. Recommendation 429 recommended that the government “no longer provide charitable status to anti-abortion organizations.” Recommendation 430 recommended that the budget “amend the Income Tax Act to provide a definition of a charity which would remove the privileged status of ‘advancement of religion’ as a charitable purpose.”

Neither of these recommendations should be adopted in the 2025 Budget or any subsequent budget. Both pro-life pregnancy care centres and religious institutions deserve to retain their charitable status for a variety of reasons.

### A Short History and Benefits of Charitable Organizations

A variety of institutions have been considered charitable for at least four hundred years in English common law. The English *Charitable Uses Act* of 1601 recognized four basic charitable purposes: (1) the relief of poverty, (2) the advancement of education, (3) the advancement of religion, and (4) other purposes beneficial to the community. This classification was upheld in the *Pemsel* (1891) decision from the English House of Lords 290 years later. Neither the *Income Tax Act* nor any other statute in Canada defines charitable purpose. The *Income Tax Act* simply defines charities or charitable organizations as “constituted and operated exclusively for charitable purposes,” leaving the definition of charitable purposes to the received English common law tradition.

This tradition reflects the broad – but very important – recognition of the independence and beneficial nature of many non-profit organizations. Modern society has empowered the individual and expanded the scope of government, often at the expense of civil society organizations that strengthen the social fabric. A weak civil society leaves individuals atomized from each other and primarily looking for their own self-interest. An ever-expanding, impersonal government bureaucracy is incapable of meeting all the needs of its citizens. A lively and diverse civil society fills the missing middle, connecting individuals and communities and relieving needs that can’t be met well by commercial enterprises or public institutions.

### Preserving the Charitable Status of Pregnancy Care Centres

Pro-life pregnancy care centres serve such a function. Pregnancy is hard. Pregnant women need communal support, especially when pregnancy is unplanned. For some women with limited familial or social networks, support comes from a local pregnancy care centre. Approximately 138 pregnancy care centres are registered charities in Canada, including 81 centres affiliated with [Pregnancy Care Canada](#). In 2023, the Pregnancy Care Canada network alone helped more than 48,000 women, providing counselling services, baby supplies, prenatal classes, parenting programs, phone calls, text messages, online resources, and post-abortion care. Such assistance should obviously fall under the charitable purposes of relieving poverty or other purposes

beneficial to the community. All of this assistance is only possible through donations of time and money by Canadians across the country.

Previous calls to revoke the charitable tax status of pregnancy care centres ignore the benefits that these centres provide to women. At root, they are ideologically-motivated attempts to marginalize a pro-life view with which they disagree. The federal government has repeatedly attacked pro-life beliefs by requiring organizations to affirm their commitment to “reproductive rights” prior to receiving funding under the Canada Summer Jobs program and [promising new legislation](#) to require charities offering pregnancy counselling services to disclose whether they offer abortion and birth control or refer to those services.

Furthermore, it would be difficult to legislatively revoke the charitable status *only* of pro-life pregnancy care centres. These centres provide comparable community benefits and poverty relief to charities that may have pro-choice views. Meanwhile, charities with different charitable purposes, such as those advancing education or religion, often have pro-life views. Furthermore, as there is no separate section of the *Income Tax Act* that allows pregnancy care centres to have charitable status. Rather, these centres fit under one of the existing definitions of charitable purposes under common law. For obvious reasons, it seems very unlikely that the Minister will try to remove the entire class of poverty relief efforts or other purposes beneficial to the community as charitable purposes.

## **Preserving the Charitable Status of Religious Institutions**

### *Recognizing the Community Benefits of Religious Institutions*

Religious institutions in Canada provide tangible benefits to their communities as well. In their previous budgetary submission, the [Christian Legal Fellowship](#) notes that “Religious charities account for nearly 40% of all charities in Canada, including churches, mosques, temples, synagogues, and other faith communities, operating programs such as soup kitchens, shelters, refugee homes, and food banks. They provide indispensable social, economic, and spiritual support, filling a significant gap in our communities and meeting the needs of millions of Canadians.”

As the Association for Reformed Political Action (ARPA), we work with various Reformed Christian churches and parachurch organizations across Canada. These Reformed organizations provide all sorts of tangible benefits to local and international communities. They donate meals to at-risk youth and homeless populations, host community dinners, prepare breakfasts for first responders, organize local disaster relief efforts, donate Christmas hampers for youth overseas, help foster parents with respite care, mentor new moms, provide free child and youth summer programs, set up cold weather shelters for homeless populations, open cooling stations for vulnerable populations during severe heat, send youth on short-term mission trips to rebuild homes and schools, visit and sing at seniors’ homes, participate in community events, sponsor and support refugees, help impoverished community members pay their bills, and provide counselling services.

A study by Cardus, through their [Halo project](#), estimates that for every dollar a religious congregation spends, the broader community receives \$3.39 in various benefits. That adds up to approximately \$18.2 billion of socio-economic benefit per year. The community benefits that religious communities provide are over 10 times the value of their tax exemptions and credits, such as the portion of the charitable tax credit that applies to donations to religious institutions. In the final analysis, rather than governments subsidizing religious institutions, it is religious institutions subsidizing their communities.

### *The Catastrophic Consequences of Stripping Charitable Tax Status of Religious Institutions*

Revoking the charitable status of religious institutions could be catastrophic for religious institutions. Revenue Canada [states](#) that if charitable status is revoked, the charity must transfer all their assets – such as any money in their bank accounts or their buildings – to an eligible donee. If the “advancement of religion” as a charitable purpose were revoked, then religious ex-charities would all have to try to find other types of charities to take their assets. For example, a church would be required to donate their church building to a soup kitchen, municipality, or school and then hope to rent what used to be their own building if they are still to have a place to meet. If such assets are not donated to another eligible donee, the charity faces a 100% revocation tax, forfeiting their assets to the government.

Either situation would be a massive redistribution of wealth (likely in the range of hundreds of billions of dollars) from religious institutions to non-religious institutions. Such a move gravely violates the spirit of the *Charter* guarantee of the foundational freedom of religion in a free and democratic society such as Canada.

### **Incentivizing More Charitable Giving**

Rather than stripping charitable status from an entire class of organizations, the federal government should find ways to encourage charitable giving. Tax credits signal that donating to charity is a commendable social activity, a form of altruism that is important in a thriving democracy. Charitable giving in Canada has been [declining for years](#). Only about 19% of Canadians donated to charities in 2020, down from over 23% in 2010. And the amount being donated is also falling. While 0.60% of all personal income was donated to charity in 2010, only 0.49% was donated in 2020, with a mean household donation of around \$500. Stripping charitable status from close to 40% of current charities will certainly accelerate the decline of charitable giving and the attendant community benefits.

From 1988-2015, the charitable tax credit followed a fairly simple two-tiered formula: a credit calculated at the lowest marginal tax rate (15% by 2015) for the first \$200 and the highest marginal tax rate (29% by 2015) for donations in excess of \$200. This system was complicated in 2016 by the addition of a new highest income tax bracket of 33% on income over \$200,000 (\$253,414 in 2025) and a corresponding addition of a third tier of charitable tax credit of 33% on donations from income in the highest income tax bracket. This three-tier system could be simplified and enhanced by 1) eliminating the first tier of the credit and applying a credit of 29% for all donations from income below the top income tax bracket, 2) eliminating the second tier

of the credit and applying a credit of 33% for all donations above \$200, or 3) eliminating the first two tiers and applying a credit of 33% to all donations.

Such changes would increase charitable giving in a variety of ways. Applying a rate of 29% or 33% to the first \$200 donated would particularly encourage low-income individuals (who [likely have the highest price elasticity](#) for charitable donations) to give more due to a higher credit on the first \$200. It would also incentivize those who do not donate any money to start donating due to the doubling of the marginal tax rate on the first \$200 donated. Increasing the rate for donations over \$200 to 33% would incentivize all current donors who give moderate sized donations to donate more to charities because of a more generous tax credit. Finally, either change would simplify the calculation of the credit and would likely help people to make better marginal decisions on how much to donate to charity.

Current Charitable Tax Credit	Enhanced Charitable Tax Credit – Option 1	Enhanced Charitable Tax Credit – Option 2	Enhanced Charitable Tax Credit – Option 3
15% on donations up to \$200	29% on donations from income below the top income tax bracket	15% on donations up to \$200	
29% on donations in excess of \$200 from income below the top income tax bracket			
33% on donations from income in the top income tax bracket	33% on donations from income in the top income tax bracket	33% on donations in excess of \$200	33% on all donations regardless of size or income level

## Conclusion

The government should disregard the Finance Committee's previous recommendations to remove charitable status from pregnancy care centres and religious institutions. Those recommendations are not in Canadians' best interest. Rather, they are ideologically-based attacks on pro-life beliefs and on religion itself. Pregnancy care centres and religious institutions provide abundant tangible benefits to their communities, benefits that would be greatly reduced or eliminated if these institutions lost their charitable status and their assets. Rather than cripple the charitable sector, the Finance Committee should recommend simplifying and enhancing the charitable tax credit in addition to maintaining the charitable tax status of pregnancy care centres and of religious institutions in its final report on the 2025 budget consultation.

Respectfully submitted,



**Levi Minderhoud** BA | MPP  
Policy Analyst  
604-615-4453 | [Levi@arpacanada.ca](mailto:Levi@arpacanada.ca)



**John Sikkema** BA | JD | LLM  
Director of Law and Policy  
289-228-8775 | [John@arpacanada.ca](mailto:John@arpacanada.ca)