TO: **Sharmila Khare, Director General, Charities Directorate, Canada Revenue Agency**

CC: **Robert Delaney, Director of Policy, Planning and Legislation at Canada Revenue Agency**
Naomi Sterling, Director, Client Interface and Service Division, Charities Directorate, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency
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March 31, 2025

RE: Expansion of online filing for charities

Dear Director General Khare,

We are writing to share our perspective on the Canada Revenue Agency's planned transition to online filing as the default for annual T3010 charitable information returns.

The nonprofit and charitable sector is a vital pillar of Canada's economy and social fabric. It contributes $226 billion in economic activities annually, representing 8.2% of national GDP. The sector also employs 2.7 million people—surpassing sectors such as retail, construction, and manufacturing. The sector is also supported by 13 million volunteers who contribute nearly 1.2 billion hours each year.

Given its scale and impact, access to timely and reliable data is essential. The data collected through the T3010 charitable information return underpins transparency, public trust, and supports informed decision-making by governments, researchers, and charities. Online filing has the potential to improve the quality and timely availability of this data.

However, the sector has limited capacity and operates within a complex and often burdensome administrative environment. As of late 2023, 55% of the sector was made up of organizations that are entirely volunteer-run, with no paid staff.[1] Additionally, nonprofits are impacted by the digital divide, particularly in Indigenous, immigrant, lower-income, refugee, and rural and remote communities.[2] Research also shows that the nonprofit workforce is under-resourced in terms of tech talent. 81% of nonprofits see digital skills as crucial, but only 14% report that their organizations have fully integrated digital skills.[3] While digital tools offer opportunities to improve efficiency and service delivery, the sector's capacity to adopt them is uneven.

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[1] Statistics Canada, Table 33-10-0753-01: *Percentage of total non-profit organizations, 2023*.
[2] Canadian Centre for Nonprofit Digital Resilience. *Bridging the digital divide: A strategic vision for Canada's nonprofit sector* (2025).
[3] Canadian Centre for Nonprofit Digital Resilience. *Assessing the Digital Skills Gap in Canadian Nonprofits* (2025).

The T3010 annual information return is a regulatory requirement, and charities that fail to file risk having their charitable registrations revoked. Equitable access to charitable registration is crucial for the equity and diversity of the charitable sector as a whole, so it is crucial that organizations negatively impacted by the digital divide still be able to fulfill regulatory obligations and maintain registration.

This context is important as the Canada Revenue Agency considers a transition to online filing as the default. While modernization has the potential to reduce burden and improve data quality, it must be implemented in a way that reflects the realities facing nonprofits. A poorly managed transition risks creating new barriers for organizations already operating with limited resources. This submission outlines key observations and recommendations to support an inclusive and effective approach.

Our Observations

There is general support for improving digital services in the charitable sector. However, the Canada Revenue Agency's current online service systems are not consistently meeting the needs of charities. We heard from organizations that made repeated attempts to use CRA's online platforms but ultimately disengaged due to persistent technical challenges and usability issues. These experiences point to gaps that need to be addressed before online filing becomes the default.

Awareness is another key challenge. Many charities—particularly those outside established networks or in rural and remote communities—are not consistently reached through CRA's existing communication channels. As a result, some may be unaware of proposed changes and therefore lack sufficient time to prepare.

At the same time, the digital divide remains a real and ongoing barrier. While many charities are moving toward digital tools, others continue to face significant challenges, including unreliable internet access and limited internal capacity. Smaller organizations, volunteer-run entities, and those serving equity-denied populations are disproportionately affected.

These are significant concerns given the serious consequences for failure to file for charities.

More broadly, our engagement with the charitable sector on this issue highlights challenges including limited digital literacy, concerns about cybersecurity, and difficulty accessing timely client support when problems arise. Taken together, these factors suggest that a rapid or inflexible transition could inadvertently increase administrative burden and reduce compliance among affected organizations. A gradual, well-supported approach will be critical.

Our Recommendations

To support a smooth and inclusive transition, we recommend that the Government of Canada:

- Improve the usability and reliability of CRA's online filing systems before making them the default for submission of T3010 annual information returns;

- Ensure sufficient client support capacity during the transition, recognizing that demand for assistance will increase;
- Continue to offer paper filing options for charities with legitimate accessibility issues, such as a lack of access to a reliable internet connection;
- Take an educational rather than a punitive approach to compliance with this new requirement; and
- Allow at least two years for charities to make the transition to online filing to give organizations adequate time to adapt processes.

The charitable sector is committed to working with the government to modernize administrative processes and improve efficiency. However, a successful transition to online filing will depend on meaningful consultation, adequate resourcing, and a flexible approach that reflects the sector's diversity. By working collaboratively, we can ensure that modernization efforts enhance transparency and efficiency without compromising the ability of charities to serve communities across Canada.

We remain at your disposal for any clarifications regarding this submission.

Sincerely,

Jodene Baker
Vice President, Research, Advocacy & External Relations
Imagine Canada