TO: **Consultation-Legislation@fin.gc.ca**

CC: **Sharmila Khare, Director General, Charities Directorate, Canada Revenue Agency**
Blaine Langdon, Director, Charities, Personal Income Tax Division,
Tax Policy Branch, Finance Canada

September 11, 2025

RE: Consultation on legislative proposals for expansion of reporting by nonprofits

Dear Minister Champagne,

We are writing on behalf of the Federal Nonprofit Data Coalition to provide input on the federal government's legislative proposals for expansion of nonprofit reporting requirements.

We are an advocacy coalition with 60+ members, working towards a future where improved federal data enables nonprofits to **better serve their communities** through **enhanced decision-making**, **planning**, **advocacy** and **storytelling**.

Nonprofits **contribute 8.2% to Canada's GDP** and **employ 2.7 million people**[1]. Despite our significant economic contribution, we face a **data deficit** which hinders our ability to provide quality services for communities and **creates inefficiencies** for government and nonprofits. While there are numerous data gaps across our sector, the most significant shortfall is the paucity of basic information about nonprofits without charitable status.

We therefore welcome the government's intention to expand data collection on nonprofits. In this letter, we provide recommendations intended to ensure that these measures are implemented thoughtfully to **maximize impact** and **minimize administrative burden**.

Data must be free, timely, publicly available and released at the record level

The regular release of basic data on registered charities collected through the T3010 annual information return is an invaluable source of information and can serve as a model for the release of nonprofit data. If the data is not made publicly available at the record level, it will not serve to foster accountability and transparency in our sector, nor will it address the sector's biggest data gap.

> *Recommendation 1: Ensure that the newly collected data is publicly available at the record level rather than in aggregate. The data must be available at no charge in accessible formats, and be released on a monthly or quarterly basis.*

Take simple steps to limit administrative burden

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[1] Statistics Canada, "*Non-profit institutions and volunteering: Economic contribution, first quarter to fourth quarter 2024*".

Over the past several years, numerous factors including increased costs, rising demand for certain nonprofit services and declining donation and volunteerism rates have had the cumulative effect of putting the nonprofit sector under significant pressure. For decades, the administrative functions of our sector have been underfunded due to restrictive funding practices. As of late 2023, 55% of the sector was made up of organizations that are entirely volunteer-run, with no paid staff.[2] It is therefore crucial that new data collection measures do not cause an undue administrative burden, especially for smaller and lower-capacity organizations.

We applaud the government's approach of using a short-form information return for organizations that don't meet the threshold for filling out the full T1044 form as a first step towards this goal.

However, it is crucial to go further by ensuring that the new data collection instruments are easy-to-understand and do not use unnecessarily technical or complex jargon. This will help those with limited financial education and those who are not native English or French speakers, among others, to provide more accurate data.

Additionally, the Canada Revenue Agency should create useful resources, guides and videos to make meeting the new data collection requirements as clear, quick and easy as possible.

Finally, the Federal Government should work with provinces and territories through the Federal/Provincial/Territorial Network of Charity Regulators to explore options to align reporting requirements and reduce any redundant requirements.

> *Recommendation 2: Design the new data collection instruments in a way that is sensitive to reducing administrative burden to the extent possible. Create simple forms and helpful resources.*

Fund education and awareness initiatives to ensure successful implementation

In order for these new data collection measures to have their intended impact, they must collect complete, quality data.

The T3010 charity information return dataset currently has issues with data quality due to missing and inaccurate information. Many required fields are left blank while others contain flawed data due to human error such as entering information in the wrong field. Measures must be taken to ensure that the same issues aren't repeated as the Government expands data collection on nonprofits.

There are tens of thousands of nonprofits across the country, and many are not plugged into traditional networks - especially small nonprofits, nonprofits from equity-denied communities,

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[2] Statistics Canada, Table 33-10-0753-01: *Percentage of total non-profit organizations, 2023*.

and nonprofits in rural and remote areas. It will require an intentional strategy to ensure that these organizations are aware of the new reporting requirements.

> *Recommendation 3: Support successful data collection by providing $250,000 over two years for education and awareness activities with a priority focus on small nonprofits, nonprofits from equity-denied communities, and rural and remote nonprofits. This funding should go to organizations with expertise such as training, capacity building and legal education as well as organizations that have established relationships with priority groups such as Indigenous, Black, 2SLGBTQ+, rural and remote nonprofits.*

Consider business number registration requirements in implementation timelines

The Fall Economic Statement announcement noted that the short-form information return would require nonprofits to report their business or trust numbers. However, not all nonprofits have business numbers. Only some jurisdictions within Canada require nonprofits to get business numbers upon incorporation, older nonprofits within those jurisdictions that now have this requirement may have never registered for one, and many nonprofits are unincorporated.

> *Recommendation 4: When determining implementation timelines, take into consideration the fact that some nonprofits will need to register for business numbers.*

Promote e-filing to improve data quality and user-friendliness

While e-filing options exist for the charity T3010 information return, 80% of charities still complete them on paper. This results in many data quality issues and is expensive for the CRA.

Many charities continue to file on paper because that was the only option available when they started reporting to the CRA. The CRA has been working in collaboration with the nonprofit sector to transition charities to e-filing, including by recently adding new software options to make e-filing easier.

Promoting e-filing as the default option for organizations newly required to fill out an information return can, if done correctly, make the process easier and faster and avoid issues down the road. E-filing opens up the possibility of flagging data issues before submission so they can be quickly and easily rectified, leading to more accurate data and reducing data entry costs for the CRA. It also enables the CRA to direct users to helpful resources as they fill out the forms.

However, it is crucial to maintain the option to fill out paper information returns for those who need them. There are thousands of nonprofits in rural and remote communities with limited internet connectivity and organizations that rely on volunteers with limited digital literacy. These groups must be able to easily submit their information returns to ensure that they are accurately represented in the data.

Recommendation 5: Create simple, user-friendly e-filing options for nonprofit information returns, while still maintaining user-friendly paper filing options for those who need them.

We would appreciate the opportunity to work closely with the government to ensure the successful implementation of these measures and remain at your disposal for any follow up questions regarding our recommendations.

Sincerely,

Members of the Federal Nonprofit Data Coalition

As organizations

- Big Brothers Big Sisters of Canada
- BridgePoint Center for Eating Disorder Recovery
- Centretown Community Health Centre
- Community Sector Council Newfoundland and Labrador
- Edmonton Chamber of Voluntary Organizations
- EMBRACEHEALTHFOUNDATION
- Ending Sexual Violence Association of Canada
- Foundations Learning & Skills Saskatchewan
- GIV3
- Imagine Canada
- Network for the Advancement of Black Communities
- Ottawa Coalition of Community Health and Resource Centres
- Philanthropic Foundations Canada
- Pillar Nonprofit Network
- Relèven
- Resilient Kids Canada
- SETSI
- The Nonprofit Chamber
- United for Literacy
- Vantage Point
- Volunteer Canada
- Volunteer Ottawa

As individuals

- Arlene MacDonald, Co-Chair, Federal Nonprofit Data Coalition
- Bruce Martin, Innovation for Social Good cluster, Thompson Rivers University
- Debbie Douglas, Executive Director, Ontario Council of Agencies Serving Immigrants
- François Brouard, Carleton University, Sprott School of Business
- M. Janet Kasperski RN, MSHC, CEO, FCCHL
- Nathan Grasse, Carleton University
- Ushnish Sengupta, Assistant Professor, Algoma University