**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**

February 26, 2025

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

Dear Minister Champagne,

We are grateful for the opportunity to share input on the federal government's latest legislative proposals on the expansion of nonprofit reporting requirements.

We are writing on behalf of the Federal Nonprofit Data Coalition, an advocacy group with 60+ members from across Canada. Our goal is to create a future where improved federal data enables nonprofits to better serve their communities through enhanced decision-making, planning, advocacy and storytelling.

Nonprofits constitute a significant economic sector, contributing 8.4% to Canada's GDP and employing 2.8 million people[1]. However, we face a data deficit which hinders our ability to serve our communities and creates inefficiencies for both government and nonprofits. Currently, the sector's most significant data gap is the lack of basic information about nonprofits without charitable status, so we welcome the government's proposal to expand data collection on these organizations.

We were pleased to see that the government has taken steps in its current legislative proposals to respond to concerns raised by the sector during the September 2025 consultation on this matter. In particular, the inclusion of longer implementation timelines is a positive step, especially for smaller organizations that will need time to register for a business number. We also welcome the introduction of clear revenue thresholds to help limit administrative burden for the smallest organizations. The creation of the $10,000 annual revenue threshold for filing the short-form information return and the adjustment of the revenue threshold for filing the full T1044 information return from $50,000 to $100,000 will bring reporting requirements into better alignment with organizational capacity, reducing obligations for smaller and entirely volunteer-run nonprofits.

**It is essential that the new data collected on nonprofits be free, timely, publicly-available and released at the record level**

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

The government is proposing to address one of the sector's biggest data gaps by collecting data on the basic contours of a significant part of our sector: nonprofits without charitable status. Currently, there is no comprehensive data available on how many nonprofits there are in Canada, where they are, who they serve, what activities they carry out, or who leads them.

Without this data, the federal government risks making nonprofit policy decisions based on incomplete information. In 2022, the government made legislative changes to the rules governing how charities can partner with and fund non-charities. The lack of data on nonprofits without charitable status makes it significantly more difficult to assess the impact and efficacy of these legislative changes.

For years, the regular release of basic data on registered charities collected through the T3010 annual information return has been an invaluable source of information. It can serve as a model for the release of nonprofit data at the record level.

If the newly collected nonprofit data is not made publicly available in detail, it will not serve to foster accountability and transparency in our sector, nor will it address the sector's biggest data gap.

> *Recommendation: Amend the Income Tax Act to create a new section modelled on subsection 149.1(15) of the Act, which provides for the publication of charitable T3010 data notwithstanding section 241, to similarly provide for the publication of nonprofit data collected through the T1044 and short-form information returns at the record level. The data must be available at no charge in accessible formats, and be released on a monthly or quarterly basis.*

**Ensure a smooth implementation process by taking simple steps to limit administrative burden, support education and awareness initiatives and promote online filing**

The nonprofit sector is under pressure. Over the past several years, nonprofits have faced increased costs, rising demand for many services and declining donation and volunteerism rates. The administrative functions of our sector have been underfunded for decades through 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]

As the government turns its attention towards implementation, it is crucial that new data collection measures do not create an undue administrative burden, especially for smaller and lower-capacity organizations.

We echo our previous recommendations, made in our September 2025 consultation submission, that the government take steps to maximize impact while minimizing administrative burden. Specifically, we urge the government to:

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

- Design the new data collection instruments in a way that is sensitive to reducing administrative burden to the extent possible. Create simple, plain language forms and helpful resources. Explore options to align federal, provincial and territorial reporting requirements to reduce any redundant reporting.
- To avoid issues with compliance and data quality currently seen in the T3010 data set, support successful data collection by providing $250,000[3] 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 appropriate to such organizations as well as organizations that have an established track record of equitable collaboration with priority groups such as Indigenous, Black, 2SLGBTQ+, rural and remote nonprofits.
- To be sensitive to the disparity in digital capacity across the nonprofit sector, continue to work to close the digital divide through initiatives such as the Broadband Fund.
- Put in place the internal resources that will be required to support a larger than usual volume of business number registrations over the course of the next two years as nonprofits register in order to comply with new reporting requirements.
- Create simple, user-friendly online filing options for nonprofit information returns, while still maintaining paper filing options for those who need them.

We appreciate this opportunity to provide additional comments on the coming legislation and look forward to continuing to work closely with the government to ensure the successful implementation of these measures. We remain at your disposal for any follow up questions regarding our recommendations.

Sincerely,

Members of the Federal Nonprofit Data Coalition

*As organizations*
- Afro-Caribbean Business Network Foundation Canada
- Circle on Philanthropy
- EMBRACEHEALTHFOUNDATION
- Foundations Learning & Skills Saskatchewan
- Imagine Canada
- National Alliance for Children and Youth
- OCASI - Ontario Council of Agencies Serving Immigrants
- Pillar Nonprofit Network
- Resilient Kids Canada
- Sector3Insights
- Sherry Baker Consulting
- The Nonprofit Chamber

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[3] This estimate is based on the Ontario Nonprofit Network's observations of the Province of Ontario's educational efforts related to the Ontario Not-for-Profit Corporations Act.

- United for Literacy
- Vantage Point
- Volunteer Canada
- Volunteer Ottawa

*As individuals*

- Arlene MacDonald, Co-Chair, FNDC
- François Brouard, Carleton University, Sprott School of Business
- Kathleen Slemon, MA - Research and Policy Analyst
- Professor Bruce Martin, Thompson Rivers University