



## Starting a New Church - Getting Started

In starting a new congregation there is much to consider to get started right. For example if you are initiating a micro-church or fresh expression church it could look very different, especially if your initiative is tethered to an already existing church. Likewise “planting” a brand new church that you anticipate will be an independent, stand-alone church will have different requirements.

There are a couple KEY questions to ask as you begin:

1. Do you want to be able to issue tax receipts for donations to your church?
2. Do you want to become a member of the CBAC (Canadian Baptists of Atlantic Canada)?

In order to issue tax receipts you must apply to the CRA to become a recognized charity and obtain a tax number from them. This will require the new church to define their structure, their constitution, their mandate, etc.

To become a member of the CBAC:

1. A CRA (Canada Revenue Agency) number must be obtained.
2. The congregation must apply for membership in the CBAC Association in which the church is located.
3. After the church is a member of the Association, the church can apply to become a member of the CBAC

Please look at the website <https://baptist-atlantic.ca/tools-resources/church-resources/> for the **General Operating Bylaw (Section III)** document for specifics regarding what is required to become a CBAC church. The guidelines for becoming an **Incorporated Church** are also on this website.

The **Treasurers Handbook** on the CBAC website is a very helpful resource for churches/treasurers.

**It is highly recommended that you obtain a copy of the Charities Handbook from the Canadian Council of Christian Charities. It provides up to date information regarding the requirements of a charitable organization for registration purposes. It addresses issues routinely faced by fundraisers, boards, and financial record keepers. Affiliate members receive one free copy. The cost for non-members is \$85.00 for a hardcopy or \$75.00 for the E-book. ( <https://www.cccc.org/store> )**



## Registering as a Charity in Canada

**Please note: This is a broad overview and should not replace consultation with a lawyer and accountant.**

**Details can be found in the Charities Handbook from CCCC.org**

**Some examples of what will need to be done:**

1. Get Organized
  - Choose a name
  - Establish a board (adhering to specific guidelines on number and relationships to each other)
  - Clarify your Groups Purpose (There are specific requirements in order to be a registered charity)
  - Decide on Organizational Structure and whether to be Incorporated or not. This is a very important legal decision and should be carefully considered as it determines liability issues for members of the charity.
  - Draft and Adopt Governing Documents
2. Clearly Define Membership Structure, Requirements, Rights, and Member Meeting Requirements.
3. Establish Directors' Qualifications/Eligibility

All of the steps are clearly laid out clearly in the Charities Handbook from CCCC.org. The Charities Handbook is the necessary tool in this process.

**It is generally advisable that the organization submits its application to the CRA BEFORE applying for incorporation or finalizing the declaration of trust to ensure that the organizations "purposes" will be accepted as charitable, as it is much more difficult to make those changes after becoming incorporated.**

You may call the Charities Directorate of the Canada Revenue Agency and ask questions regarding registration guidelines, departmental policies and other administrative and legislative matters. This bilingual service is available from 9:00 a.m. to 5:30 p.m., Monday to Friday. Tel: 1-800-267-2384.

<https://www.canada.ca/en/services/taxes/charities.html>

**From the CRA website, there are many helpful links as well!**



## How to apply for charitable registration

Before applying for registration as a charity, make sure you have made an informed decision. To be sure, read the information under [Is registration right for you?](#)

To apply, complete [Form T2050, Application to Register a Charity Under the Income Tax Act](#).

Follow the instructions in [Guide T4063, Registering a Charity for Income Tax Purposes](#).

Mail your completed application to:

Charities Directorate  
Canada Revenue Agency  
Ottawa ON K1A 0L5

## Obligations of registration

The main obligations of a registered charity are to:

- devote its resources (funds, personnel, and property) to its charitable purposes and activities;
- file its annual Form T3010, *Registered Charity Information Return*, within six months of its fiscal period-end;
- meet its annual spending requirement ([disbursement quota](#));
- keep adequate books and records in Canada, and make them available for review by the Canada Revenue Agency on request;
- make sure that official donation receipts are complete and accurate when issued;
- control and direct the use of all its resources (funds, personnel, and property); and
- maintain its status as a legal entity.

Also, a registered charity should inform the Charities Directorate of any changes to the charity's mode of operation or legal structure. Examples include a change in address, directors, legal or operating name, purposes, activities, or governing documents.

For more information on the obligations of a registered charity, see [Checklists for charities](#). If a registered charity does not meet its obligations, it may be subject to a penalty and may have its registered status revoked.

## Basic Checklist & Guidelines

### Checklist

[Engage only in allowable activities](#). A registered charity is allowed to carry out its charitable purposes both inside and outside Canada in only two ways: by carrying on its own charitable activities, and by gifting to [qualified donees](#). A registered charity **must** maintain direction and control over its activities



(whether carried out by the charity, or by an agent or contractor on its behalf) and **must not** engage in prohibited political activities or unrelated business activities.

[Keep adequate books and records](#). A registered charity **must** keep adequate books and records for the prescribed time period at an address in Canada that is on file with the Canada Revenue Agency (CRA).

[Issue complete and accurate donation receipts](#). A registered charity may only issue official receipts for donations that legally qualify as gifts. An official receipt **must** contain all the information specified in Regulation 3501 of the *Income Tax Act*. See [sample receipts](#).

[Meet annual spending requirement \(disbursement quota\)](#). A registered charity **must** spend the minimum amount calculated for its disbursement quota each year on its own charitable activities, or on gifts to [qualified donees](#) (for example, other registered charities).

[File annual T3010 information return](#). A registered charity **must** file an annual T3010 information return (together with financial statements and required attachments) no later than six months after the end of the charity's fiscal period.

[Maintain the charity's status as a legal entity](#). A registered charity that is constituted federally, provincially, or territorially **must** meet other specific requirements (in addition to the requirements of CRA) in order to maintain its status as a legal entity. This may include annual filing and/or annual fees. A registered charity should check with the relevant authorities to verify these additional requirements.

[Inform the Charities Directorate of any changes to the charity's mode of operation or legal structure](#). A registered charity should get confirmation from the Charities Directorate (the Directorate) before changing its stated objects and/or activities to make sure they qualify as charitable. A registered charity should inform the Directorate if it changes its name, telephone number, address, contact person or [governing documents](#) (constitution, letters patent, etc.) and must obtain prior approval from the Directorate before changing its fiscal period-end.

### **Advantages of registration**

The main advantages of being a registered charity are:

- Registration allows a charity to issue official donation receipts for gifts it receives. These receipts can be used to reduce the income tax payable of an individual donor or the taxable income of a corporate donor.
- Once registered, a charity is exempt from paying income tax under Part I of the *Income Tax Act*.
- Registered charities are eligible to receive gifts from other registered charities, such as foundations.



- Registration provides increased credibility in the community, since registered charities must follow certain rules and guidelines in order to maintain their registration.
- Many goods and services provided by registered charities are exempt from [goods and services tax/harmonized sales tax \(GST/HST\)](#). Also, in many situations, registered charities can claim a partial rebate for the GST/HST they pay.

## References

- [Guide T4063, Registering a Charity for Income Tax Purposes](#)
- [Guide RC4034, GST/HST Public Service Bodies Rebate](#)
- [GST/HST Info Sheet GI-067, Basic GST/HST Guidelines for Charities](#)