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## 2018 Federal Budget: Update on Status of Foreign Universities

Our [February article](#) on the 2018 Federal Budget (**Budget**) outlined changes to simplify the system that regulates donations to qualifying foreign universities (previously called “prescribed universities”).

Many foreign universities are recognized as qualified donees under the *Income Tax Act* (Canada) (**ITA**), meaning that they receive tax benefits similar to Canadian registered charities. Prior to February 27, 2018 (**Budget Day**), as a result of relatively recent legislative requirements, two separate lists of qualifying foreign universities have been kept, one in the regulations to the ITA (**Regulations**) for prescribed universities and one by the Canada Revenue Agency (**CRA**) which is posted on its website.

To avoid this duplication, the Budget amended the ITA so that there would be only one process for foreign universities to become qualified donees, and so that only one list of these universities would be maintained (**Amendments**). Specifically, the Amendments removed the designation “prescribed universities” and the requirement

that foreign universities be “prescribed” in the Regulations. In addition, the section of the Regulations containing the list of prescribed universities was repealed. As a result, as of Budget Day, to become a qualified donee, a foreign university must apply for registration with the CRA, and those universities that are qualified donees will only be listed on the CRA’s website.

Many observed that the (likely unintended) result of the language of the Amendments was that many of the foreign universities formerly listed in the Regulations would no longer be qualified donees unless they could demonstrate that they had applied for registration with the CRA, meaning that Canadians making donations to these universities would no longer be entitled to a tax receipt, and that any Canadian registered charities making gifts to these universities could risk sanction (including revocation of their charitable registration). Several legal and tax practitioners in the charitable sector quickly sought clarification from the Department of Finance on this important issue.

On March 22, 2018, the Minister of Finance published a Notice of Ways and Means Motion to implement certain provisions in the Budget. Fortunately, this Motion made it clear that the Amendments were not intended to exclude foreign universities formerly listed in the Regulations, and as a result, all foreign universities that were qualified donees prior to Budget Day will not have their registration status affected as a result of the Amendments.