

years basis with parliamentary control being exercised over the total commitments that may be entered into. In the course of discussing this outstanding recommendation with officials of the Department, the Deputy Minister of Health drew the attention of the Committee to recent announcements indicating that the Hospital Construction grants may disappear under the recommendations made by the Tax Structure Committee but that at the request of the Department, because it had had to forecast in advance, an extension was granted for an additional year and the Hospital Construction grants will now remain in effect until 1970. As it appears likely that other arrangements will be made for hospital construction at that time the Committee wishes to withdraw its 1964 recommendation which cannot be implemented under the present circumstances.

DEPARTMENT OF NATIONAL REVENUE (TAXATION DIVISION)

9. *Charitable donations*

(pp. 1326-1338)

The Committee considered paragraph 101 of the 1965 Report of the Auditor General to the House dealing with charitable donations. The audit note outlined problems faced by the Taxation Division in determining what are charitable organizations within the meaning of the Income Tax Act and checking on deductions claimed by taxpayers. It was suggested that consideration should be given to the setting up of adequate controls over the many charitable organizations now recognized.

The Committee was pleased to note that shortly after the tabling of the 1965 Report of the Auditor General in February 1966, the Minister of Finance in his Budget Speech of March 29, 1966 proposed a resolution to deal with the several problems outlined in this audit note and to make them effective with the 1967 taxation year. The Committee also noted that detailed regulations were recently announced by the Minister of National Revenue spelling out the precise procedure to be followed by registered Canadian charitable organizations with effect from January 1, 1967.

At the invitation of the Committee, the Deputy Minister of National Revenue (Taxation) described the new regulations and outlined the steps to be followed by charitable organizations in Canada wishing to be registered thereunder. The Deputy Minister stated that copies of the new regulations were now available at offices of the Taxation Division and that they have been published in the Canada Gazette.

(p. 1335)

The Deputy Minister advised the Committee that although the Division has the names of 1,200 charitable organizations on its present headquarters list, there are 40,000 such organizations altogether in Canada. Consequently, the Division was relying on newspaper publicity and various organizations with which it deals to disseminate this information.

Members of the Committee stated that while such publicity might be sufficient for those charitable organizations not presently on the headquarters list, they felt the Division had at least a responsibility to send the regulations and attendant forms to the 1,200 organizations presently on the headquarters list.