

*Adjournment Debate*

zation. However, in general terms, it is the Department's practice to encourage, to the greatest extent possible, the acquisition of funds by Canadian charities. I am sure the Hon. Member will agree with that. Nonetheless, the Department of National Revenue, Taxation, must apply the law as it currently exists in this respect.

There are restrictions, however, as to what may and may not be considered a gift for the purposes of issuing an official tax deductible receipt for purposes of the Income Tax Act. In other words, there has to be an interpretation. Although the Minister may have discretion, he must listen to the advice he receives from his officials. He is obviously going to be very concerned about the whole question of precedent setting.

To be entitled to a tax deduction in such cases a taxpayer must have made a gift to a registered charity. As the Income Tax Act does not define the term "gift", it therefore takes on the common law meaning; that is, a voluntary transfer of

property without expectation of return, compensation or other consideration. Where a taxpayer receives an element of consideration in exchange for a payment to a registered charity no gift has been made and, accordingly, no tax deduction may be claimed. I would stress that the Department's position in this respect does not preclude registered charities from extending consideration to taxpayers in exchange for payments made. A charity may sell articles to a limited extent. However, as I am sure the Hon. Member will agree, there is a distinction to be drawn between payments made to a charity by a taxpayer in return for which no consideration is received, and those payments in return for which the payer receives something of tangible value. The former constitutes a gift for which an official tax deductible receipt may be issued. The latter can be considered as a payment for which consideration is received and thus for which no receipt may be issued.

The House adjourned at 6.24 p.m.

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