

Tax Filing Requirements for Small Canadian Nonprofits

Are non-profit organizations tax exempt in Canada?

Canadian non-profits do not need to pay income tax, but these organizations still have to file a return with the Canada Revenue Agency. Non-profit tax filing requirements vary based on the type of organization, the value of the organization's assets, and other factors. Ref :QuickBooks Mar 29, 2017

Registered Charities

If your non-profit is classified as a registered charity, you must file Form T3010 (Registered Charity Information Return). This form is due within six months of the end of your fiscal year. For example, if your charity's fiscal year ends on Oct. 31, your return is due by April 31 of the following year.

T2 Corporate Returns

Non-profits that are not classed as charities must file a T2 Corporate Income Tax Return. This form is eight pages long, but if your organization only does work in a single province or territory, you can fill out the short version of the T2 instead. The short version is only two pages, and it comes with three schedules. **T2s are also due six months after the last date of your organization's fiscal year.** If you file late, the CRA charges late penalties based on the amount of tax you owe. In most cases, this doesn't apply to non-profits, but the agency also charges a 10% penalty for unreported income, and this rule may apply to non-profits. If the CRA owes your organization a tax refund, there is no penalty for filing late, but you must file within three years to claim your refund.

Additional Non-profit Information Returns

In some cases, Canadian non-profits also have to file **Form T1044 with their T2.** You must file this return if your organization meets the following criteria:

- It received dividends, interest, rentals, or royalties exceeding \$10,000 during the year.
- It owns more than \$200,000 in assets.
- It was required to submit Form 1044 the previous tax year.

Form T1044 is a short, easy-to-complete two-page form. The first section requests details on amounts received through the year, and the second section is devoted to assets and liabilities. The following few sections prompt you for details about the organization's activities and contact information for the person who stores the organization's records.

Trust Income Tax and Information Return

In some cases, your organization may also need to file a T3 (Trust Income Tax and Information Return). Typically, this rule only applies to non-profits that provide dining, recreational, and sporting facilities. In these cases, a trust must own the organization's property, and the trust must file this return. If there are any capital gains on these properties, the CRA may assess income tax. This is one of the only, rare cases where Canadian non-profits need to pay income tax. To maintain your non-profit status, you want to manage your finances effectively and communicate with the CRA annually about your organization's activities. The process is very similar to filing personal and business returns, but to ensure everything is filed correctly, you may want to use accounting software and tax preparation software.

References & Resources

- turbotax.intuit.ca
- quickbooks.intuit.ca