

## New Reporting Requirement for Charities' Limited Partnership Holdings



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The Canada Revenue Agency (the "CRA") has announced that registered charities must now report their holdings in limited partnerships. Although the CRA announcement is dated December 1, 2015, notice of the new requirement was only circulated with the CRA's January 25, 2016 "Charities and giving – What's new" publication.

The limited partnership reporting requirement stems from the 2015 Federal Budget proposal (as yet not law) which provided that a registered charity would not be considered to be carrying on a business by virtue of certain investments in limited partnerships. In order for a charity's investment in a limited partnership to fit within the Budget proposal, a charity must be a limited partner (not a general partner) and must deal

at arm's length with every general partner and the fair market value of its interest (and any interests of the charity's non-arm's length entities) must not exceed 20%.

The Form T3010, Registered Charity Information Return does not currently include the limited partnership reporting requirement although it is expected to be amended next year. For now, a charity must answer "yes" or "no" to the question: "Did the charity have direct partnership holdings at any time during the fiscal period?" and annex the response to its T3010. Joint venture and agency arrangements are not included, nor are investments in mutual fund trusts or corporations or unit trusts which themselves hold partnership interests.