

Memo to Parishes – October 25, 2023

From Patricia D'Souza, Director of Finance – Diocese of Toronto

Subject: New Trust T3 reporting rules

The 2018 federal budget introduced new reporting requirements for certain charities and non-profit organizations (NPOs). This includes the requirement to file an annual T3 Trust Income Tax and Information Return (T3 return) for each express trust, starting with taxation years ending December 31, 2023. Charities or NPOs may be considered the trustee of an express trust when they hold donated cash or property subject to restrictions even if there is no formal trust agreement. More information on these rules can be found here. <https://www.cpacanada.ca/en/business-and-accounting-resources/taxation/blog/2022/october/new-rules-for-trust-reporting-are-coming>

We met with the Diocesan solicitor to discuss if the Diocese and our parishes will need to report under these new trust rules. The advice we obtained was that as the rules stands, yes there would be a requirement to file. There is hope that an exemption for registered charities could be announced later this year. We will provide further guidance in mid- November on the status of any exemption. In the meantime, our lawyer has advised that all parishes begin to trace back the initiation documents of any trust funds that the parish holds. These can be wills, deeds, estate papers, letters or other such documents that identify how the trust fund was created at the parish, the restrictions on the fund and its beneficiaries.

We will report back as soon as we hear from our lawyer but to reduce the work at year end, I would advise parishes to begin to gather this information now. The filing deadline for T3 returns is March 31.

Let me know if you have any questions.