



## **Reasons for a U.S. Charity to set up in Canada**

by Mark Blumberg (May 21, 2008)

Here are the top reasons for a U.S. Charity to set up in Canada:

1. There are over thirty million people living in Canada. The Canadian charity will be able to issue official tax receipts to Canadian donors and the Canadian donors will be able to save income tax.
2. The Canadian charity is exempt from tax in Canada.
3. The Canadian charity will have a separate existence from the U.S. charity and therefore will have limited liability and any problems with the Canadian charity can be contained in the Canadian charity.
4. Canadian charities receive certain special benefits like rebates on G.S.T. and reduced property taxes.
5. When operating in Canada, and for that matter in many countries around the world, Canadian charities are viewed differently from American charities. In certain countries where the United States is not welcome it may be easier to operate as a Canadian charity than an American charity.
6. Some charitable foundations that are incorporated in Canada do so because they are only required to disburse 3.5% of their assets every year compared to a requirement of 5% in the United States, as well there is an ability to request from the Canada Revenue Agency and to negotiate with them a lower disbursement rate in certain circumstances.
7. Many sources of funding in Canada are only available to Canadian charities. For example, many Canadian foundations will only provide funds to Canadian registered charities. Also, some corporations will only provide funds to Canadian registered charities.

8. For a U.S. charity interested in expanding beyond the borders of the U.S., Canada provides a safe and relatively hassle free place for expansion.
9. Many charities have found Canada is an ideal place to operate. If you are conducting medical research or education, or trying to conduct environmental work such as protecting wetlands, the costs of operating in Canada are reasonable. The quality and availability of human resources in English, French and a multitude of other languages is great. Our extensive social safety net and universal health care coverage means that for an employer the costs are lower to hire employees. Crime-rate is very low, and people in Canada follow and understand the nuances of U.S. politics – if that is important!
10. Also, because Canada is such a multicultural country we are blessed with people from almost every country which facilitates global operations, not to mention the availability of excellent ethnic food!

*Mark Blumberg is a lawyer at Blumberg Segal LLP in Toronto, Ontario. If you require legal advice or assistance he can be contacted at [mark@blumbergs.ca](mailto:mark@blumbergs.ca) or at 416-361-1982 x. 237. To find out more about legal services that Blumbergs provides to Canadian charities and non-profits please visit the Blumbergs' Non-Profit and Charities page at [www.blumbergs.ca/non\\_profit.php](http://www.blumbergs.ca/non_profit.php) or [www.globalphilanthropy.ca](http://www.globalphilanthropy.ca)*

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