

# The differences between a registered charity and a non-profit organization

Topic	Registered charity	NPO
Purposes	<ul style="list-style-type: none"> <li>• must be established and operate exclusively for charitable purposes</li> </ul>	<ul style="list-style-type: none"> <li>• can operate for social welfare, civic improvement, pleasure, sport, recreation, or any other purpose except profit</li> <li>• cannot operate exclusively for charitable purposes</li> </ul>
Registration	<ul style="list-style-type: none"> <li>• must apply to the CRA and be approved for registration as a charity</li> </ul>	<ul style="list-style-type: none"> <li>• does not have to go through a registration process for income tax purposes</li> </ul>
Charitable registration number	<ul style="list-style-type: none"> <li>• is issued a charitable <u>registration number</u> once approved by the CRA</li> </ul>	<ul style="list-style-type: none"> <li>• is not issued a charitable registration number</li> </ul>
Tax receipts	<ul style="list-style-type: none"> <li>• can issue official donation receipts for income tax purposes</li> </ul>	<ul style="list-style-type: none"> <li>• cannot issue official donation receipts for income tax purposes</li> </ul>
Spending requirement (disbursement quota)	<ul style="list-style-type: none"> <li>• must spend a minimum amount on its own charitable activities or as gifts to <u>qualified donees</u></li> </ul>	<ul style="list-style-type: none"> <li>• does not have a spending requirement</li> </ul>
Designation	<ul style="list-style-type: none"> <li>• is designated by the CRA as a charitable organization, a public foundation, or a private foundation</li> </ul>	<ul style="list-style-type: none"> <li>• does not receive a designation</li> </ul>
Returns	<ul style="list-style-type: none"> <li>• must file an annual information return (Form T3010) within six months of its fiscal year-end</li> </ul>	<ul style="list-style-type: none"> <li>• may have to file a T2 return (if incorporated) or an information return (Form T1044) or both within six months of its fiscal year-end</li> </ul>

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Personal benefits to members	<ul style="list-style-type: none"> <li>• cannot use its income to personally benefit its members</li> </ul>	<ul style="list-style-type: none"> <li>• cannot use its income to personally benefit its members</li> </ul>
Tax exempt status	<ul style="list-style-type: none"> <li>• is exempt from paying income tax</li> </ul>	<ul style="list-style-type: none"> <li>• is generally exempt from paying income tax</li> <li>• may have to pay tax on property income or on capital gains</li> </ul>
GST/HST	<ul style="list-style-type: none"> <li>• generally must pay GST/HST on purchases</li> <li>• may claim a partial rebate of GST/HST paid on eligible purchases</li> <li>• most supplies made by charities are exempt</li> <li>• calculates net tax using <a href="#">the net tax calculation for charities</a></li> </ul>	<ul style="list-style-type: none"> <li>• must pay GST/HST on purchases</li> <li>• may claim a partial rebate of GST/HST paid on eligible purchases only if it receives significant government funding</li> <li>• few supplies made by NPOs are exempt</li> <li>• calculates <a href="#">net tax</a> the regular way</li> </ul>