



Canada Revenue
Agency

Agence du revenu
du Canada

JUL 06 2010

REGISTERED MAIL

The Gateway Benevolent Society
Suite 200 - 2296 McCallum Road
Abbotsford BC V2S 3P4

BN: 894271618RR0001

Attention: Mr. Ian Worland

File #: 3015152

**Subject: Notice of Intention to Revoke
 The Gateway Benevolent Society**

Dear Mr. Worland:

I am writing further to our letters dated January 21, 2009 and March 18, 2010 (copies enclosed), in which you were invited to submit representations as to why the Minister of National Revenue (the Minister) should not revoke the registration of The Gateway Benevolent Society in accordance with subsection 168(1) of the *Income Tax Act*.

We have reviewed and considered your responses on behalf of The Gateway Benevolent Society dated February 19, 2009 and April 29, 2010 (copies enclosed). Notwithstanding your replies, our concerns with respect to The Gateway Benevolent Society's failure to devote all of its resources to its charitable purposes, failure to issue receipts in accordance with the *Income Tax Act* and/or its Regulations, acquisition of control of a corporation, and failure to maintain adequate records have not been alleviated. Appendices A and B, which accompanied our letter of March 18, 2010, have been revised for clarification and have also been included.

Conclusion:

The Canada Revenue Agency's (CRA) audit of The Gateway Benevolent Society (the Organization) revealed that the Organization operated primarily to facilitate the benefit of four corporations seeking to dispose of their assets in the most advantageous manner. The Organization entered into a number of tax planning transactions, along with other Canadian registered charities, in order to facilitate the sale of each corporation's assets. The CRA audit also revealed that the Organization failed to comply with the *Income Tax Act* (the Act) on the issuance of official donation receipts, in acquiring control of a corporation and failure to maintain and/or provide adequate books and records. For all of these reasons, and for each of these reasons alone, it is the position of the CRA that the Organization's registration should be revoked.

Consequently, for each of the reasons mentioned in our letters dated

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Place de Ville, Tower A
320 Queen Street, 13th Floor
Ottawa ON K1A 0L5

January 21, 2009 and March 18, 2010, I wish to advise you that, pursuant to the authority granted to the Minister in subsections 149.1(3) and 168(1) of the Act, which has been delegated to me, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(d), 168(1)(e), subsection 149.1(1) and paragraph 149.1(3)(c) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.

Business Number	Name
894271618RR0001	The Gateway Benevolent Society Abbotsford BC

Should you wish to object to this notice of intention to revoke the Organization's registration in accordance with subsection 168(4) of the Act, a written Notice of Objection, which includes the reasons for objection and all relevant facts, must be filed within **90 days** from the day this letter was mailed. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
250 Albert Street
Ottawa ON K1A 0L5

A copy of the revocation notice, described above, will be published in the *Canada Gazette* after the expiration of 30 days from the date this letter was mailed. The Organization's registration will be revoked on the date of publication, unless the CRA receives an order, **within the next 30 days**, from the Federal Court of Appeal issued under paragraph 168(2)(b) of the Act extending that period.

Please note that the Organization must obtain a stay to suspend the revocation process, notwithstanding the fact that it may have filed a Notice of Objection.

Consequences of Revocation

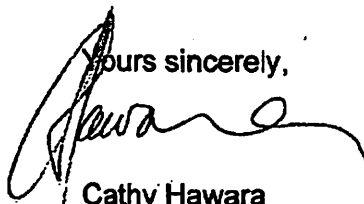
As of the effective date of revocation:

- a) the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**. This means that gifts made to the Organization would not be allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the Act, respectively;

- b) by virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the relevant provisions of the Act concerning revocation of registration, the tax applicable to revoked charities, and appeals against revocation, can be found in Appendix "D", attached. Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our website at www.cra-arc.gc.ca/charities;
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

Finally, I wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

Yours sincerely,



Cathy Hawara
A/Director General
Charities Directorate

Attachments:

- Our letters dated January 21, 2009 and March 18, 2010;
- Your letters dated February 19, 2009 and April 29, 2010;
- Appendix "A", Revised Summary of Transactions;
- Appendix "B", Revised Summary of I
- Appendix "C", Summary of I ; and
- Appendix "D", Relevant provisions of the Act

cc: Mr. John Glazema