**Annex A**

**Entities that are exempt from taxation under Part I of the Act[14]**

| **Type of Tax-Exempt Organization** | **Requirement to file return specific to exemption[15]** | **Able to carry on Business on a Tax-Exempt Basis** | **Notes** |
|---|---|---|---|
| Foreigners employed by a foreign government and their families | No | No | |
| Crown Corporations and wholly-owned subsidiaries of Crown corporations | No | Yes | |
| Municipalities or municipal or public bodies performing a function of government in Canada (includes Aboriginal self-governments and virtually any Indian band) | No | Yes | For tax purposes, no geographic limit on income-earning activities. |
| Municipal Corporations, wholly owned by municipality (includes corporations wholly owned by Aboriginal self-governments and by Indian bands acting as a public body performing a function of government in Canada | No | Generally limited to activities carried on within the geographical boundaries over which the municipality or public body (or Indian band or Aboriginal self-government) | Longstanding practice includes corporations of most Indian bands - to be confirmed by pending amendment to 149(1)(d.5) adding corporations wholly owned by municipal or public body performing a function of government in Canada. |

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14 Part I tax is the general tax on income. Other taxes, such as GST, payroll, etc., are not considered for this purpose.

15 In all cases, a tax-exempt entity that is constituted as a corporation (as opposed to a club, association or trust) is required to file a tax return by reason of being a corporation.

| Type of Tax-Exempt Organization | Requirement to file return specific to exemption[15] | Able to carry on Business on a Tax-Exempt Basis | Notes |
|---|---|---|---|
| | | exercises authority. | |
| Agricultural Organizations, Boards of Trade, and Chambers of Commerce | Information return is required if the entity's total investment income exceeds $10,000 or the value of its assets exceed $200,000. | Yes | |
| Registered Charities | Information return is available to the public. | Yes, only related businesses and businesses operated entirely by volunteers. | |
| The Association of Universities and Colleges of Canada | No | Yes | |
| Certain Low-cost Housing Corporations, including low cost housing for the aged | No | Limited to the business of providing low-cost housing. | |
| Non-profit Corporations for Scientific Research and Experimental Development | No | Limited to SRED activities. | |
| Labour Organizations | No | Yes | |
| Non-profit Organizations (excluding charities) | Information return is required if the entity's total investment income exceeds | No, although business-like activity may be acceptable if the purpose of the activity was | Where the main purpose of an NPO is to provide dining, recreational or sporting facilities, the income from property related to such facilities in excess of $2000 |

| **Type of Tax-Exempt Organization** | **Requirement to file return specific to exemption[15]** | **Able to carry on Business on a Tax-Exempt Basis** | **Notes** |
|---|---|---|---|
| | $10,000 or the value of its assets exceed $200,000, or the NPO has filed in a previous year. | social welfare (i.e., a business that is not carried on for the purpose of earning a profit). | is taxable. |
| Pension trusts, pension corporations, master trusts, RRSPs, RESPs, RDSPs, TFSAs, RRIFs and certain small business corporations that are wholly owned by registered pension plans | Yes | No | Subject to limits in respect of its investments. |
| Various employee trusts, including a trust to administer a retirement compensation arrangement, a profit sharing plan, a registered supplementary unemployment insurance benefit plan or vacation pay | No | Yes | |
| Certain insurers (for charitable organizations or fishers and farmers) | No | Insurance Business only. | The exemption for insurers of farmers and fishers may be restricted where risks other than fishing or farm risks are covered by the insurance. |
| Eligible funeral arrangements and cemetery care trusts | No | Yes | Distributions are taxable. |

| Type of Tax-Exempt Organization | Requirement to file return specific to exemption[15] | Able to carry on Business on a Tax-Exempt Basis | Notes |
|---|---|---|---|
| Amateur Athletic Trusts | No | No | Income of the athlete is deemed to be income of the trust. Distributions to the athlete are taxable to the athlete. |
| Registered Canadian Amateur Athletic Associations (RCAAA) | Yes. Budget 2011 announced that the return will be publicly-available. | Budget 2011 clarified that RCAAAs are allowed to operate a related business or a business operated entirely by volunteers. | |
| Certain Trusts to provide compensation for claims against a business | No | Yes | |
| Qualifying environmental trusts, including trusts that are wholly-owned by the Crown | Tax return required to pay Part XII.4 tax. | No | Subject to a special tax (Part XII.4) that is refundable to the QET's beneficiaries. |

Note: Tax may be imposed under other parts of the Income Tax Act, such as in the case of a qualifying environmental trust or a trust governed by a retirement compensation arrangement. A qualifying environmental trust pays a corporate level tax on its income under Part XII.2 of the Income Tax Act which is then credited against the tax payable by the beneficiaries of the trust. A retirement compensation arrangement generally refers to an offside or non-statutory pension plan arrangement that provides benefits on retirement in excess of what is permitted under the rules governing registered plans. To remove the tax benefits associated with such arrangements, a trust governed by a registered compensation arrangement pays a special 50% tax on the contributions and its income, which is refundable when the benefits are paid out.