

Re: Legislative Proposals Relating to the Global Minimum Tax Act, the Income Tax Act and the Income Tax Regulations – Additional Reporting Requirements for Non-Profit Organizations

Submitted to: Department of Finance Canada

February 26, 2026

To Whom It May Concern,

On behalf of the Federation of Ontario Cottagers' Associations (FOCA), we are writing in response to the draft legislative proposals released January 29, 2026, relating to amendments to the Income Tax Act that would introduce expanded reporting requirements for non-profit organizations (NPOs).

FOCA represents hundreds of lake, road, and waterfront associations across Ontario. Most of these organizations are small, volunteer-run, community-based groups operating in rural and seasonal communities. While we understand and support the objective of improving transparency in the non-profit sector, we are concerned that the proposed changes will impose disproportionate administrative burdens on small organizations that pose no material tax compliance risk.

Current Framework

Under existing rules, an NPO claiming income tax exemption is required to file an annual information return only if:

- Passive income exceeds \$10,000 in a fiscal period;
- Total assets at the end of the preceding fiscal period exceed \$200,000; or
- The organization was required to file in a preceding fiscal period.

Most FOCA member associations fall below these thresholds and currently have no annual federal filing requirement.

Proposed Changes

The draft proposals introduce two significant changes:

1. Annual Return Threshold Based on Gross Revenue
NPOs with total gross revenues exceeding \$100,000 in a fiscal period would be required to file an annual information return.

We acknowledge that the threshold was increased from the originally proposed \$50,000 to \$100,000 following sector feedback, which is a positive development.

2. New Short-Form Filing Requirement for Smaller NPOs
NPOs that do not meet the \$100,000 threshold would nonetheless be required to file a new short-form return containing basic organizational and financial information, including:

- Business Number or trust number;
- Names and addresses of directors or officers;
- Description of activities;
- Total assets and liabilities;
- Annual revenues; and
- Other prescribed information.

Although exemptions exist for organizations with revenues under \$10,000, most of our member associations exceed that level and would therefore be captured by the short-form requirement.

As announced in Budget 2025, these rules would apply to fiscal periods beginning on or after January 1, 2027.

Impact on Small Volunteer Organizations

For many of our member associations, these changes would mean:

- Registering for and maintaining a Business Number for the first time;
- Learning and complying with a new federal reporting system;
- Managing personal information disclosure obligations for volunteer directors;
- Assuming additional administrative workload without paid staff support.

These organizations are not structured for profit and do not operate with professional accounting resources. They exist to protect freshwater resources, support environmental stewardship, manage shared roads, and foster civic engagement in rural communities.

While the short-form return may appear administratively light from a policy perspective, for volunteer boards it represents a meaningful new compliance obligation and potential liability exposure.

From a rural red tape reduction perspective, the proposed reporting expansion risks placing unnecessary administrative strain on the very organizations that sustain Canada's rural social fabric. Small, volunteer-run lake and road associations are not commercial enterprises. They are community stewards.

Across Canada, these groups maintain shared infrastructure, protect freshwater ecosystems, support emergency response coordination, advocate for responsible development, and foster civic participation, all without paid staff and at no cost to government. The unpaid labour contributed by volunteer directors and members represents a significant and often invisible economic benefit to Canadians and to the broader social economy.

Public policy should avoid imposing compliance obligations that unintentionally erode this capacity. Regulatory frameworks must distinguish between complex entities and grassroots associations, ensuring that transparency objectives are achieved without discouraging volunteerism or weakening the community networks that rural Canada depends upon.

Concern Regarding Proportionality

FOCA respectfully submits that the proposed framework does not adequately distinguish between:

- Large, complex non-profit entities; and
- Small, seasonal, volunteer-led community associations.

The latter are the backbone of rural stewardship across Ontario. Imposing new administrative requirements risks discouraging volunteer leadership, increasing compliance anxiety, and potentially prompting informal groups to dissolve rather than formalize their reporting.

The policy objective of transparency should be balanced against the operational realities of grassroots organizations that pose minimal risk of tax avoidance or misuse of public funds.

Recommendations

FOCA respectfully recommends that the Department:

- 1. Exempt small, volunteer-run NPOs from the new short-form filing requirement.**
Organizations operating below a meaningful gross revenue threshold should not be subject to mandatory annual federal reporting where no material tax risk exists.
- 2. Eliminate the requirement for small NPOs to obtain a Business Number solely for compliance with the short-form return.**
Requiring volunteer associations to register within the federal tax system for limited informational purposes creates unnecessary administrative complexity.
- 3. Adopt a tiered reporting framework based on organizational size and risk.**
Reporting requirements should scale proportionately to revenue, assets, and operational complexity.

Conclusion

FOCA supports accountability and transparency in Canada's non-profit sector. However, we oppose the proposed amendments as currently structured because they would impose disproportionate administrative burdens on small, volunteer non-profit organizations that are essential to the social and environmental fabric of rural Canada.

We urge the Department to reconsider the scope of these measures and ensure that regulatory objectives are achieved without undermining the capacity of grassroots community organizations to operate effectively.

We appreciate the opportunity to provide input and would welcome further dialogue.

Sincerely,



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FOCA is the Federation of Ontario Cottagers' Associations, the only go-to provincial advocacy organization committed to sustaining and enhancing the Ontario cottage experience. We work collaboratively to identify and address key issues by providing credible expertise, environmental stewardship, targeted programs and services, and a robust network of strategic partners.

Since 1963, FOCA has united Ontario's waterfront community. We are a non-profit membership organization representing over 550 lake, road, cottage, camp, and rural waterfront associations—together, 250,000 families and voters who steward 15,000 km of shoreline and 50 hectares of privately owned waterfront land from Kenora to Kingston, Lake Erie to north of Temagami. Our [2022 Economic Impact Study](#) confirmed that every 100 waterfront properties generate 63 jobs in Ontario, with 54 of those jobs in the community itself.

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