

# CRA audits disproportionately targeted Muslim charities for years, says civil liberties group

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By Mike Lapointe June 23, 2021

**According to the CRA, it does not select registered charities for audit based on any particular faith or denomination, nor does it maintain statistics tracking audits based on denominations.**



Minister of National Revenue Diane Lebouthillier, left, and Tim McSorley, national co-ordinator of the Civil Liberties Monitoring Group, right. Mr. McSorley said his organization was approached by a number of people in the Muslim community who work within the charitable sector complaining about the Canada Revenue Agency, which Ms. Lebouthillier oversees. *The Hill Times photograph by Andrew Meade, photograph courtesy of Twitter*

Muslim charities have been disproportionately targeted for audits by the Canada Revenue Agency for just under two decades, according to a recent report from an Ottawa-based civil liberties group, which claims the work of the agency's Review and Analysis Division (RAD) has been carried out in secrecy with little to no outside review.

The Sept. 11, 2001, terrorist attacks in the United States provided the grounds for the Canadian government's creation of "broad anti-terrorism policies," which granted various departments and security agencies with "sweeping new powers," according to the [report](#) issued by the International Civil Liberties Monitoring Group earlier this month.

With the passage of the Anti-Terrorism Act in 2001, the CRA became a partner in the government's Anti-Money Laundering and Counter-Terrorist Financing regime, ultimately leading to the establishment of the Review and Analysis Division (RAD) in 2003, tasked with investigating terrorist financing in the charitable sector.

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According to the report, the CRA has audited between 600 and 800 charities per year over the past two decades, which saw 335 charities have their status revoked between 2003 and 2015 due to audit findings. In total, eight Muslim charities in that time period had their status removed (six since 2008), accounting for 2.4 per cent, despite these charities making up only 0.47 per cent of all charitable organizations in Canada in 2015.

And, between 2008 and 2014, RAD specifically completed at least 16 audits of charities on the basis of national security concerns, eight of which had their status revoked. Of the eight that had their status rescinded, the civil liberties group said it "ascertained" six were Muslim charities, totalling 75 per cent of all RAD-based revocations in this time period.

More recently, since 2016, the civil liberties group identified four more Muslim charities that have seen their status revoked due to RAD audits, though the report noted RAD revocation statistics are unknown for this time period. At least six other Muslim charities are under audit, the report said.

"Ultimately, it can only be assumed that the vast majority of charities audited by RAD since 2015 are Muslim charities, given RAD is expected to follow the NRA's guidance regarding risks of terrorist financing that focuses almost exclusively on Muslim-linked entities or threats," reads the report. "While a lack of transparency and independent review makes it impossible to pinpoint exact numbers, this data clearly demonstrates a specific focus on and singling out of Muslim charities since at least 2003."

Tim McSorley, national co-ordinator of the International Civil Liberties Monitoring Group, said a little more than a year ago, his organization was approached by a number of people in the Muslim community who work within the charitable sector. They raised concerns about a

growing number of audits, about the CRA's practices, and the impact those audits were having on the Muslim community itself.

"It just clearly reflected what we'd seen in other areas of national security that hadn't really been explored to this point, so that's one of the reasons why we took it on immediately," said Mr. McSorley in an interview with *The Hill Times* earlier this month.

"It was clear that there was an issue here that had been something that been growing and hadn't been examined, and that the level of secrecy and lack of transparency around it meant that there needed to be a push to shed some light and break it open."

The group has learned that it's a "two-way street" between the CRA and the RCMP and the Canadian Security Intelligence Service (CSIS), where information is shared from the CRA with those bodies, as well as the other way around.

"What isn't clear is when that happens and under what circumstances, but what we know is that the CRA is listed as one of the 17 entities under the Security of Information Disclosure Act, that they are allowed to receive information from other government bodies relating to their national security mandate," said Mr. McSorley. "But there's been next to no public discussion."

## **CRA does not audit charities based on 'any particular faith or denomination': Sorbara**

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During Question Period on June 21, Independent MP Yasmin Ratansi (Don Valley East, Ont.) pointed to the report, asking for more information around the unfair targeting of Muslim charities on the part of the CRA's "secretive division," citing the report's findings that 75 per cent of the charities audited and whose status was revoked were Muslim charities, "despite them representing only 0.47 per cent of the overall sector."

"Could the minister explain what is being done to stop this harassment?" asked Ms. Ratansi.

In reply, Liberal MP Francesco Sorbara (Vaughan-Woodbridge, Ont.), who is the parliamentary secretary to the Minister of National Revenue Diane Lebovillier (Gaspésie-Les Îles-de-la-Madeleine, Que.), said the government will continue to work to end discrimination on the basis of race, ethnicity, gender, sexual orientation, and disability.

"The CRA monitors the operations of registered charities and ensures compliance through a balanced program of client service, education, and responsible enforcement, including audits to protect the integrity of the charitable sector," said Mr. Sorbara. "The CRA does not select registered charities for audit based on any particular faith or denomination."

Mr. Sorbara also said Ms. Lebovillier does not instruct the CRA to begin audits, nor does the minister intervene in audits that are underway.

In its report, the civil liberties group recommended the federal government refer the issue for review by the National Security and Intelligence Review Agency (NSIRA) to examine the CRA’s RAD processes to ensure that organizations are not being targeted due to racial or religious prejudice.

The group made a number of recommendations: that Ms. Lebouthillier’s office declare an immediate moratorium on the “targeted audit” of Muslim charities by the CRA’s Review and Analysis Division until an NSIRA review has concluded; that the Finance Department revisit the anti-terror regulatory, policy, and legislative landscape; that the federal government amend the NSIRA act to allow for complaints from the public on the CRA’s national security-related activities; and that NSIRA and the National Security and Intelligence Committee of Parliamentarians (NSICOP) co-ordinate to carry out regular reviews of the CRA’s anti-terrorism activities.

“The CRA can say that they don’t target particular communities,” said Mr. McSorley. “But when they have a risk assessment that forms the basis for their work, that says that ‘this is a terrorist financing risk, and therefore, we need to examine the communities that are most that are most closely related to these risks,’ all of those risks are Muslims.”

“Nine out of 11 of those risks that are identified are linked somehow to Islam or Muslim countries, and the other two are linked to Khalistani groups and to Tamil groups, those are the communities that they are going to be looking at the most closely and scrutinizing.”

“We know that when that kind of scrutiny happens and that profiling happens, we know that’s when they start to find the problems, and it leads to a vicious circle,” said Mr. McSorley. “They can say that they are not consciously targeting a particular community, but all of the framework and guidelines around it point towards profiling a particular community.”

## **CRA does not maintain statistics tracking audits based on denominations**

The CRA is “firmly dedicated to diversity, inclusion, and anti-racism, aligning with our values of professionalism, integrity, respect, and collaboration,” Christopher Doody, spokesperson for the CRA, said in an email. “The CRA does not select registered charities for audit based on



Independent MP Yasmin Ratansi asked for more information around the findings of the civil liberties organization’s report during Question Period on June 21. *Photograph courtesy of Andrew Meade*

any particular faith or denomination, nor does it maintain statistics tracking audits based on denominations.”

The process of reviewing an organization’s continued eligibility for charitable registration under the Income Tax Act is an administrative decision, said Mr. Doody, who noted that a charity can be selected for audit for a variety of reasons, including, but not limited to, a review of specific legal obligations under the Income Tax Act, a review of information from their T3010 annual information return, to follow-up on a previous compliance agreement, a referral from another area of the CRA, and complaints from the public, articles in the media or other publicly available sources.

When an audit identifies non-compliance, the CRA takes an education-first approach where possible, providing the charity with an opportunity to correct its noncompliance before resorting to other measures such as sanctions or revocation, Mr. Doody said.



Liberal MP and parliamentary secretary to the Minister of National Revenue Francesco Sorbara, pictured September 2020, says ‘the CRA does not select registered charities for audit based on any particular faith or denomination. *The Hill Times photograph by Andrew Meade*

“Monitoring and review processes are in place to assess the credibility and reliability of information used during the charity audit process, and of any recommendation or decision made by an individual auditor or analyst,” said Mr. Doody. “Audit findings are shared with the organization, which in turn is able to clarify or provide further information on the findings before the audit is concluded.”

The CRA spokesperson added that where a charity believes the CRA has not interpreted the facts or applied the law correctly, it can avail itself of its recourse rights—and that if a registered charity disagrees with a decision resulting from the objection process, it can appeal to the Federal Court of Appeal or the Tax Court of Canada, depending on the type of appeal.

“As the charitable sector is supported by all Canadian taxpayers, the CRA is committed to enhancing the transparency and accountability of charities by providing relevant information about charities to the public,” said Mr. Doody. “With respect to audits, the CRA’s actions can only be made public when they result in a charity being revoked, annulled, suspended, or penalized. In addition to the information that is published to the CRA’s list of charities about charities that are revoked, penalized, or suspended following an audit, copies of letters the CRA sent to the charity outlining its decision are also available to the public upon request.”

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