



Canada Revenue Agency
Agence du revenu
du Canada

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Tax shelters

People are sometimes approached to donate to charity through [tax shelter](#) arrangements. Before you decide to donate in this way, you should be aware of the risks associated with participating in certain tax shelter donation arrangements including:

- gifting trust arrangements;
- leveraged cash donations; and
- buy-low, donate-high arrangements.

Promoters of such shelters must obtain a tax shelter number from the Canada Revenue Agency (CRA). The CRA uses the tax shelter number to identify the tax shelter and its investors, but offers no guarantee that taxpayers will receive the proposed tax benefits.

The CRA reviews all tax shelters to ensure that the tax benefits being claimed meet the requirements of the *Income Tax Act*. The CRA has audited many of these gifting arrangements. Generally, the CRA reduces the amount of the tax credit to no more than the taxpayers' cash donation, and in many cases it is reduced to even less than that. In some cases the credit is reduced to zero. The CRA may also charge interest and penalties.

For more information on tax shelters and how you can protect yourself, read the CRA's [Taxpayer Alert](#) and [Fact Sheet](#) on tax shelters.



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