

## Registered Charity

Effective January 1, 2014, the amount of annual Ontario payroll that may be exempt from Employer Health Tax (EHT) is increased from \$400,000 to \$450,000. To better target EHT relief, the exemption is eliminated for private-sector employers with annual Ontario payrolls over \$5 million. Registered charities, including those with payrolls over \$5 million, continue to be eligible for the exemption.

### Administrative concession

Each location of a registered charity may be treated as a separate employer for EHT purposes and is allowed to deduct the first \$450,000 of annual remuneration. These locations are not considered to be associated employers and will not be required to share the annual exemption amount.

## Eligibility

### Registered charity

The registered charity must be a registered charity which that is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act (Canada).

### Eligible employer

In addition, the registered charity must be an eligible employer as defined by the Employer Health Tax Act (EHT Act). Generally, this would include private sector employers and organizations that may receive financial assistance from any level of government but are not under the control of government.

## Tax exemption

### Exemption amount

Eligible employers are exempt from tax on the first \$450,000 of annual remuneration. The exemption amount will be prorated where the particular location is new or exists for less than 365 days of any given year (refer to page 3 for details on Proration of exemption).

## Separate location

A registered charity that is an eligible employer can treat each of its locations as a separate employer and each location will be eligible to claim the full \$450,000 exemption for the year. There must be formalized evidence that the location is separate from the main body of the organization. Any one of the following factors may demonstrate this:

- there is supporting evidence that a location belongs to the charity (e.g., copies of leases, deeds or purchase agreements, property tax bill, or other third party documentation to show continued exclusive occupancy by the charity during the period), **and** the location is publicly advertised on the charity's letterhead, on business cards, in telephone directories, or through other information readily accessible by the public such as pamphlets or internet sites
- a location has its own charitable registration number
- a location files its own Registered Charity Information Returns.

An organization's website may indicate that the location is advertised as a separate location. However, this will not always be the case, especially where privacy and security concerns are evident such as in situations involving residences or shelters.

**Note:** A shared space facility, such as a before or after school program, will not be treated as a separate location. Also, different programs operating under the same roof, or on the same property, will be treated as a single location unless each program is a separate registered charity. Two or more buildings on a single property are also counted as one location. Group homes which don't have dedicated staff assigned to that location will not be considered to have any payroll for that location. Allocating a percentage of salaries from a head office location is not acceptable.

The ministry requires additional supporting documentation to be filed with your claim for separate locations, including:

- complete listing of addresses of all locations
- time period that each location was or has been in existence
- copies of by-laws or other information showing organization is not controlled by a municipal or other level of government.

## Association with a non-charity employer

An eligible employer that is associated with a registered charity is not required to include the payroll of the registered charity for the purpose of determining whether the combined payroll of the associated group is within the \$5 million exemption threshold. In this situation, only the employer's total Ontario remuneration excluding the payroll of the associated registered charity is considered when determining the employer's claim for the exemption.

## Proration of exemption

If a new location is established that is treated as a separate employer, the exemption amount will be prorated for the number of days the location is eligible in that year. Similarly, the exemption must also be prorated if a location closes in the year.

## Refund

A registered charity with more than one location may apply for a refund if it has filed as a single employer and claimed only one tax exemption for all of its locations. A request for a refund must be made in writing within 4 years of the return's due date and submitted with supporting documentation to the Ministry of Finance, 101-215 Eugenie Street West, Windsor ON N8X 2X7.

## Request for written interpretations

To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Finance  
Advisory Services, Employer Health Tax  
33 King Street West, 3rd Floor  
Oshawa ON L1H 8H5

## Related publications

Other publications providing further details on this topic include:

- **Associated Employers**
- **Tax Exemption**

## For more information

Visit [ontario.ca/ehf](http://ontario.ca/ehf) or contact the Ministry of Finance at 1 866 ONT-TAXS (1 866 668-8297) or 1 800 263-7776 for teletypewriter (TTY).

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Cette publication est disponible en français sous le titre « Organisme de bienfaisance enregistré - Impôt-santé des employeurs ». Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant [ontario.ca/finances](http://ontario.ca/finances).

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