



## **INFORMATION SHEET 1**

### **INTRODUCTION TO CONTROLS ON CONTRIBUTIONS UNDER THE *CANADA ELECTIONS ACT***

**(Revised March 19, 2004)**

#### **DISCLAIMER**

These information sheets set out Elections Canada's current interpretation of the *Canada Elections Act* and are issued to assist the public in understanding the Act. The views expressed in information sheets are not law and are not intended to replace the official text of the Act. How the Act applies to any particular case will depend on the individual circumstances of that case. Elections Canada reserves the right to reconsider any interpretations expressed in information sheets, either generally or in light of the actual circumstances of any case, and in accordance with continuing legislative and judicial developments.

## SUMMARY OF NEW RULES FOR POLITICAL CONTRIBUTIONS

1. The new controls on who may make contributions, how much they may contribute, and to whom, came into effect on January 1, 2004.
2. Only Canadian citizens and permanent residents may make contributions to registered parties, registered electoral district associations, leadership and nomination contestants of registered parties, and all candidates.
3. However, corporations, trade unions and other unincorporated associations may make limited contributions.
4. A limit\* is set on how much an individual, a corporation or a trade union, or an unincorporated association may contribute.<sup>1\*</sup>
5. These new controls do not apply to contributions made to unregistered political parties or to their electoral district associations.
6. The person or entity who makes a contribution is responsible for complying with these new controls.
7. A person or entity who either fails to take reasonable care not to make a contribution when ineligible to do so, or who knowingly (which includes acting recklessly) makes a contribution when ineligible, has committed an offence.<sup>2</sup>
8. It is also an offence for any person or entity to wilfully make a contribution\* larger than permitted.<sup>3</sup>
9. The financial agent of a registered party, a registered electoral district association, a leadership or nomination contestant of a registered party, or of any candidate, may not knowingly accept a contribution that exceeds a limit\* set out in the Act,<sup>4</sup> keep a contribution after it is known that the contribution was made by an ineligible person or

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<sup>1</sup> All contribution caps will be indexed for inflation. The Chief Electoral Officer will publish the contribution caps for each year in the *Canada Gazette* (s. 405.1, *Canada Elections Act*).

<sup>2</sup> Ss. 497(1)(i) and 497(3)(f.1), *Canada Elections Act*.

<sup>3</sup> S. 497(3)(f.13), *Canada Elections Act*.

<sup>4</sup> S. 405.2(3), *Canada Elections Act*. S. 497(3)(f.16) of the *Canada Elections Act* makes it an offence to breach this prohibition.

entity,<sup>5</sup> or keep a contribution that exceeds the maximum amount that the donor could lawfully contribute.<sup>6</sup>

10. The contributions that a person or entity makes to registered parties, their registered electoral district associations, their leadership and nomination contestants, and all candidates will be known, as they will be disclosed in financial returns, which the *Canada Elections Act* requires the recipients to file with the Chief Electoral Officer.
11. The *Canada Elections Act* also controls attempts to avoid the application of these rules.
  - 11.1 Goods and services provided to a registered party, a registered electoral district association, a leadership or nomination contestant of a registered party, or to any candidate, through artificial commercial transactions in which the recipient is not actually required to pay will be deemed to be contributions and included in the calculation of contributions made to that entity. This is achieved through the rules dealing with unpaid claims.<sup>7</sup>
  - 11.2 The Act prohibits circumventing or attempting to circumvent either the eligibility requirements for making contributions, or the contribution limits established for individuals, corporations or trade unions;<sup>8</sup> or colluding with others for those purposes.<sup>9</sup> It also prohibits concealing or attempting to conceal the identity of a contributor or acting in collusion with another for that purpose.<sup>10</sup>
  - 11.3 It is also prohibited to make a contribution to a registered party, a registered electoral district association, a leadership or nomination contestant of a registered party, or to any candidate, if it comes from the resources of other persons or entities, and was given to the contributor for the purpose of making

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<sup>5</sup> S. 404(2) of the *Canada Elections Act* sets out the prohibition and s. 497(1)(i.1) makes it an offence to breach s. 404(2).

<sup>6</sup> S. 405.4, *Canada Elections Act*. It will be an offence to breach this prohibition (ss. 497(1)(i.7) and 497(3)(f.19), *Canada Elections Act*).

<sup>7</sup> Ss. 403.34(1), 423.1(1), 450(1), 435.29(1) and 478.22(1), *Canada Elections Act*.

<sup>8</sup> S. 405.2(1)(a), *Canada Elections Act*.

<sup>9</sup> S. 405.2(1)(b), *Canada Elections Act*.

<sup>10</sup> S. 405.2(2). It is an offence under ss. 497(1)(i.5) and 497(3)(f.15) to breach this prohibition.

contributions.<sup>11</sup> This provision controls attempts by persons or entities to increase their contributions by giving money to others to make contributions.

FOR MORE INFORMATION,  
SEE INFORMATION SHEETS ON INDIVIDUAL TOPICS.

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<sup>11</sup> S. 405.3(1), *Canada Elections Act*.