



THE COST OF RELIGION IN CANADA

More than just the money

The concluding report in a 5-part series

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Few fully appreciate the degree to which religion continues to be subsidized in Canada. [The Cost of Religion in Canada](#) series of reports by The Centre for Inquiry Canada (CFIC) demonstrated that the cost to Canadian governments of considering *Advancement of Religion* to be a charitable purpose is a staggering \$5.5 billion annually. However, this is only part of the story.

The true cost of religious entitlement in Canada exceeds the figures provided in previous reports in this series. Where data were incomplete or ambiguous, CFIC used conservative estimates and assumptions. CFIC looked only at religious charities which self-identified under the advancement of religion charitable category; the myriad religious institutions operating under other charitable purposes were not included. Canadian governments (federal, provincial, and municipal) directly fund religious organizations such as religious hospitals, sectarian schools, and denominational child welfare agencies. Perhaps the most significant cost of religion - one impossible to quantify - is the *social* cost associated with religious institutions in Canada and around the world.

Research has shown that [religiosity and quality of life are inversely related](#). Where faith determines (or significantly influences) public policy, society suffers from greater rates of homicide, violent crime, poverty, obesity, diabetes, child abuse, unemployment, and teen pregnancy. Conversely, where governments neither support nor suppress religion, incomes tend to be higher, life spans longer and people happier. In short, society thrives. This is true both between countries (Japan and Netherlands vs. Colombia and Pakistan) and within them (compare Vermont and New Hampshire to Mississippi and Alabama). Violating secular principles comes at the cost of a significant reduction in a society's quality of life.

### Religion as a Charity

A 19<sup>th</sup> century ruling (itself premised on the preamble of the 1601 Statute of Charitable Uses) of the British House of Lords stated that “advancement of religion”, in and of itself, was a charitable activity. Canada inherited this precedent, and despite its questionable suitability in the 21<sup>st</sup> century, Canada Revenue Agency continues to consider “Advancement of Religion” as a charitable purpose to this day. Currently, more than 32,000 Canadian charities exist primarily to reinforce the tenets of their faith in followers and to recruit others.



**Canada's Charitable Purposes**  
Canada has 4 “heads of charity” (purposes for which an organization can receive charitable status)

- Advancement of Religion
- Relief of Poverty
- Advancement of Education
- Other purposes beneficial to the community

According to the [Government of Canada](#):

*To advance religion in the charitable sense means to preach and advance the spiritual teachings of a religious faith, and to maintain the doctrines and spiritual observances on which those teachings are based, such as:*

- *establishing and maintaining buildings for religious worship and other religious use*
- *organizing and providing religious instruction*
- *carrying out pastoral and missionary work*

This report will recap the financial costs associated with the advancement of religion as a charitable purpose and discuss other ways Canada's federal, provincial, and local governments support religion. Recognition of “advancement of religion” as charitable constitutes a multi-billion-dollar annual subsidy to religious organizations.

CFIC looked at several ways organizations identifying under “Advancement of Religion” cost Canadian taxpayers:

- Charitable tax receipts
- Government transfers
- Public Service Body (PSB) rebates
- Property tax exemptions
- Income and sales tax exemptions

The Cost of Religion in Canada reports assume that if Canada were to eliminate the advancement of religion as a charitable purpose, most religious charities would reconstitute as non-profit organizations. CRA defines a [non-profit organization](#) as “associations, clubs, or societies that are not charities and are organized and operated exclusively for social welfare, civic improvement, pleasure, recreation, or any other purpose except profit.” Consequently, CFIC compares the cost of a charity to that of a non-profit organization (as opposed to a for-profit business).

In addition to the CFIC reports, the British Columbia Humanist Association outlines the cost of the [clergy residence tax exemption](#).

### Charitable Tax Receipting

Perhaps the most significant benefit of being a registered charity is the ability to provide tax receipts for donations. This effectively reduces the cost of donations. The exact amount that a donor “saves” by claiming the donation tax credit depends on the donor’s income level, the total amount of donations claimed in a tax period, and the method of donation (for example, a donor can realize greater “savings” by donating gifts of stock). See the report [Religious Charities Issuing Tax Receipts](#) for more details.

CFIC calculated the 2018 foregone tax revenue resulting from tax receipts issued by religious charities to be \$3.2 billion.

### Government Transfers

All three levels of government directly subsidize charities for a variety of reasons, including paying to deliver a service, providing a grant to update equipment or buildings, or funding government-mandated programs that the charity might not otherwise be able to afford.

In 2018 the Government of Canada transferred more than \$140 million to religious charities. Provincial and territorial governments provided subsidies of more than \$750 million. Municipal governments supported the advancement of religion by an additional \$217 million. In total, Canadian governments fund religious charities by \$1.087 billion annually. CFIC’s [full report](#) includes a breakdown by province and a closer look at the largest transfers from each level of government.

### Public Service Body rebates

Charities are considered Public Service Bodies (PSB) which typically do not charge sales tax. Unlike businesses, they are not able to claim the sales tax that they pay. Instead, charities apply for a Public Service Body (PSB) rebate of approximately 50% of the sales tax paid when acquiring goods and services. A full description of the methodology, assumptions and results is available in [Tax Implications of Charities Advancing Religion](#). In total, religious charities received PSB rebates totaling \$318 million in 2018.

## Property Tax Exemptions

Houses of worship are exempt from paying property tax in every province and territory in Canada. The exact cost of this policy is impossible to calculate precisely because:

1. Not all religious charities are houses of worship.
2. Each municipality has its own property tax rate.
3. The T3010 form lists the purchase price of land and buildings, whereas property tax is calculated based on market value. Often there is a large difference between these two.

However, in 2018, New Brunswick analyzed the cost of all property tax exemptions in the province, including those granted to houses of worship. CFIC compared the value of land and buildings owned by religious charities with the foregone property tax value in New Brunswick and applied this ratio to the other provinces and territories, resulting in an estimated benefit of \$881 million. See the [full report](#) for more information.

## Clergy Residence Exemption

In June 2021, the British Columbia Humanist Association published a report analyzing the [cost of the clerical residence tax exemption](#), which amounts to a \$100 million subsidy to religious organizations every year.

## Sales and Income Taxes

Charities do not charge sales tax; businesses and nonprofits do. Because the T-3010 does not provide a detailed breakdown of a charity's income and expenses, a meaningful calculation of foregone sales tax cannot be performed.

Nonprofits are generally exempt from paying income tax. Were religious charities to be reconstituted as nonprofits, they would pay no tax on most of their income (rental income is one of a few exceptions). Here again, the T-3010 does not provide sufficient detail to permit an accurate calculation (see Appendix A). Therefore, foregone income tax revenue has not been included in this report series.

Table 1: Canadian Government Subsidies of Religious Charities

| Religious Charity Benefit       | Annual Value (CDN\$) |
|---------------------------------|----------------------|
| Charitable Tax Receipts         | 3,200,000,000        |
| Federal Government Transfers    | 140,000,000          |
| Provincial Government Transfers | 750,000,000          |
| Municipal Government Transfers  | 217,000,000          |
| Public Service Body Rebates     | 318,000,000          |
| Property Tax Exemption          | 881,000,00           |
| Clergy Residence Exemption      | 100,000,00           |
| Total                           | 5,606,000,000        |

## OTHER GOVERNMENTAL FINANCIAL SUPPORT OF RELIGION IN CANADA

The largest public subsidy of religion comes from the Ontario government, which continues to fully fund the separate (Catholic) school system through grade 12. This arrangement has been condemned as [discriminatory](#) by the United Nations. Ontario spends approximately \$10 billion per year on Catholic schools and would [save \\$1.5 billion annually](#) if it [followed the examples](#) of Quebec and Newfoundland and Labrador, which merged their sectarian school board into a single publicly funded secular school system. British Columbia, Alberta, Saskatchewan, and Quebec provide subsidies (40-60%) to religious schools that meet certain provincial criteria. Manitoba (under its Fair Funding Agreement) provides private religious schools with half the funding per student as public schools.

Religious institutions receive enormous financial support from Canadian governments in many other ways: from direct subsidization of evangelical universities to denominational family service agencies to religious hospitals being fully incorporated into Canada's healthcare system. Many of these organizations are also charities, founded under one of the three other "heads" (advancement of education, relief of poverty, and other purposes beneficial to the community).

Further research is required to quantify how much these subsidies of religious organizations cost Canadians. Government support of these institutions is in addition to the \$5.6 billion enjoyed by religious charities. (Learn more about the purpose of charities and the reasons religious organizations operate charities outside of the category "advancement of religion" in [The Cost of Religion in Canada: An Introductory Report Exploring Advancement of Religion as a Charitable Purpose.](#))

## SOCIAL COSTS OF RELIGION IN CANADA

Religious organizations have done tremendous harm to Canada's social fabric. Although these offenses cannot be quantified in financial terms, the Government of Canada has provided [billions in financial compensation](#) to victims of crimes perpetrated by religious charities. Religious charities do not respect human rights, the need to protect and nurture children, or the rights of those in the LGBT community.

### Human Rights

Religious organizations are exempt from numerous government regulations, including anti-discrimination and human rights legislation. Organizations can claim a religious objection to providing essential services (which is why, for example, one cannot obtain an abortion or Medical Assistance in Dying health care services at a Catholic hospital). Religious groups, even those fully funded by the government, may discriminate in their hiring practices, and demand employees and recipients of their services participate in religious rituals (such as prayers before a meal at a soup kitchen).

### Crimes Against Children

Historical crimes against children include the deaths of thousands of Indigenous children at [Residential Schools](#) (funded by the federal government and [operated by](#) the Roman Catholic, Anglican, United, and Presbyterian churches of Canada); rampant abuse at Christian orphanages across Canada including those in [Quebec](#) and [Newfoundland and Labrador](#); and [sexual predation by members of the clergy against children](#) in parishes around the world, with the Catholic Church [denying and suppressing its complicity](#) for decades.

The [Government of Quebec bore the costs associated with the Duplessis Orphans](#) (read the full story of Le Grande Noirceur and the Duplessis Orphanages in [October 2020](#) edition of CFIC's monthly newsletter, [Critical Links.](#)) Today, the Government of Canada is in negotiations to settle lawsuits related to the abuse of children in Indian Residential Schools.

## Religious Charities Oppose LGBT Rights

Religious organizations regularly appear in the news for their anti-LGBT policies and practices. Catholic schools in Ontario refused for years to [raise the rainbow flag](#) and would not allow [students to form Gay Straight Alliances \(GSAs\)](#), even when mandated to do so by provincial legislation. Catholic hospitals deny essential medical care such as abortions and medical assistance in dying.

Religious organizations were the main voice against same-sex marriage in Canada. They first opposed the legislation itself, then attempted to introduce a loophole that would allow civil servants to deny licenses to eligible couples if a union violated their private religious beliefs.

In 2017 several religious groups appeared before the Supreme Court of Canada to defend Trinity Western University's demand that married LGBT students remain celibate as a condition of attending their proposed law school (the Court ruled that [discrimination is not a protected religious right](#)).

### RELIGIOUS CHARITIES AND CIVIL SOCIETY

The good works done by religious charities are often cited as a reason for continuing to include advancement of religion as a charitable purpose. However, all such activities by religious charities take place outside of their mandate, which is advancing religion. Social clubs, sports organizations, art schools and special interest groups work to build and improve their communities without the benefit of charitable status.

Religious organizations and individuals are not more virtuous or generous than non-believers. A Vatican charity, purporting to help the poor, [diverted 90% of the funds](#) donated by Catholics worldwide to itself. Statistics Canada, in a 2004 report entitled [Caring Canadians Involved Canadians](#), came to the underwhelming conclusion that "The 19% of Canadians who attended religious services weekly gave [...]22% of the value of all donations to other [non-religious] organizations." Meanwhile, the [23% of Canadians](#) [2008] with "a non-theist belief system contribute [...] [35 per cent of Canada's total contributions](#)." [2010]

### CENSUS DATA UNDERREPORTS NON-RELIGIOUS CANADIANS

[Census data](#) clearly show the rise of non-belief in all regions of Canada. In 2011, 23.9% indicated that they had no religious affiliation, compared with 16.5% a decade earlier (2021 census data were not available at the time of publication).

The Canadian census [question on religion](#) is:

What is this person's religion? Indicate a specific denomination or religion *even if this person is not currently a practicing member of that group.* (emphasis added)

The wording of this question artificially inflates the number of Canadians reporting a religious affiliation. As written, many open atheists answer with the religion of their parents, or the religious community they were raised in. Census data are used to make significant economic, political, and social decisions; any nontrivial distortion is a cause for concern.

### CONCLUSION

There are only three ways to mitigate the loss of income associated recognizing advancement of religion as charitable:

- Raise taxes on all Canadians
- Cut government programs and services
- Increase the fiscal deficit

The benefits enjoyed by religious charities come at a cost borne by all Canadians. Every aspect of government operations – education, healthcare, public transportation, reducing our carbon footprint – requires investment from an indebted government. Since lower levels of religious fervor are strongly correlated with better social outcomes, all levels of government in Canada should cease subsidizing religious organizations.

While some religious charities do perform good works, it is also clear that religious institutions regularly commit discriminatory, abusive, and predatory acts. Massive public subsidies should not be directed to groups where any benefit is, at best, uncertain.

CFIC advocates for government transfers to be restricted to groups that demonstrate adherence to the [Canadian Charter of Rights and Freedoms](#) and the removal of religious exemptions to [provincial and territorial human rights laws](#).

It is time to end the inappropriate and expensive policy of treating proselytization as a charitable activity. Canada is at its best when it lives up to its secular ideals: remaining neutral in matters of religion, showing no preference to any individual faith, nor to believers over non-believers. A single violation of this principle - recognizing *advancement of religion* as a charitable purpose - costs Canadians over \$5,600,000,000 every year. This enormous amount of money can and should be put to better use. All levels of government should stop subsidizing religious organizations.



Every charity must file a [T-3010 report](#) with the Canada Revenue Agency annually. CFIC obtained copies of all 2019 T-3010 reports from charities which self identified under the head of charity with “advancement of religion” as its declared primary purpose, and was able to determine:

- Assets, liabilities, and equities of religious charities in Canada
- Income of Canadian religious charities including:
  - Tax receipted donations
  - Gifts from other charities
  - Government transfers
  - Other sources of revenue
- Approximately 90% of the religious charities in Canada are Christian

The T-3010 provides summary data only; detailed information was not available. Where the data were ambiguous or calculations required making assumptions, CFIC consistently chose to be conservative. Therefore, the actual financial flows to religious charities are likely much higher than stated in this report series. CFIC’s meticulous methodology has been widely accepted, even by its critics: when the Canadian Centre for Christian Charities published its [critique](#) of the first two reports in the series, its main argument was that CFIC’s Cost of Religion series focused on the cost of religion in Canada, and did not pay sufficient attention to the purported benefits (read CFIC’s [response](#)).

There are several challenges in analyzing this data. The information in this report series is only as accurate as the data submitted to CRA. There are concerns about the accuracy of the information in T-3010s for a variety of reasons, which include:

- The complexity and nuance of the Income Tax Act
- Relying on the largely unaudited financial statements of Canadian religious charities
- Inexperienced volunteers completing the form
- Transcription errors
- Complexity of some charitable organizations
- Fraud or other deliberate deception

CFIC acknowledges that some of the data that charities submit on their T-3010 forms may not be accurate.

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