



QUICK GUIDE TO ELECTION FINANCES LAW OF ONTARIO

For Party Representatives



VOTING. EVERY DAY IT MATTERS.

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QUICK GUIDE TO ELECTION FINANCES LAW OF ONTARIO

SECTION 1 – THE CANDIDATE

The *Election Finances Act* (Act) brings the financing of all Ontario provincial general election and by-election campaigns out into the open. A summary of the total amounts your campaign raises and spends will be made public. A list of the names and addresses of everyone who donated more than \$100 to your campaign will be kept by the Chief Electoral Officer and will be available to the public. The Act also sets limits on how much you can spend on your campaign.

You are responsible for making sure that the Chief Electoral Officer receives a complete financial statement of your campaign and that all the information is accurate. That remains your responsibility whether you win or lose the election.

Failure to report can result in fines, prohibition from running again and the forfeiture of your seat in the Legislative Assembly.

Nobody expects a candidate to personally keep track of all the financial details of the campaign. That is why the Act spells out a number of organizational steps you must take before you can become a registered candidate.

Decisions

SELECT A CHIEF FINANCIAL OFFICER

This is to be done before registration with the Chief Electoral Officer. Your chief financial officer (CFO) will be in charge of keeping records of all your financial transactions, with regard to both incoming funds and campaign expenditures. Your CFO also completes your campaign report to the Chief Electoral Officer. It would be best to select someone who has a good knowledge of accounting or bookkeeping. Your CFO may be the same person who acts as CFO for your constituency association. Guidelines to the Act will be provided by the Chief Electoral Officer to assist your CFO with the responsibilities. Your CFO must consent to take the position as legal liability may result from the CFO's actions.

APPOINT AN AUDITOR

An auditor is a professional accountant licensed in Ontario. Your auditor will examine and report on your campaign financial statement. Your auditor also must be named in your registration application. The Chief Electoral Officer will help you pay the auditor's fees.

APPOINT PERSONS AUTHORIZED TO ACCEPT CONTRIBUTIONS

Appoint and advise the Chief Electoral Officer of the persons authorized to accept contributions to your campaign, whether collected door-to-door or otherwise. Only your CFO or others on record to do so can issue tax credit receipts for contributions. Therefore any contributions accepted must be turned over to the CFO for deposit in your campaign account.

Note: The Act prohibits a candidate from accepting contributions.

SELECT FINANCIAL INSTITUTION ACCOUNTS AND SIGNING AUTHORITY

You have to select all the financial institution accounts you will use for your campaign, and who will have signing authority for these accounts. The Act says that all the campaign funds you receive have to be deposited in one of the accounts on record with the Chief Electoral Officer.

SELECT LOCATION OF RECORDS

You should decide where in Ontario your campaign records are to be kept. The Chief Electoral Officer has the right to inspect your records and it is up to you to inform the Chief Electoral Officer where they are.

Action

Your next step is registration. Every candidate in an Ontario provincial election must register with the Election Finances Division of the Chief Electoral Officer.

Until you are registered, your campaign organization is not entitled to either accept money or incur any liabilities. Nor can you spend any of your own money on your campaign before registration.

Your party and constituency association can raise and spend money in the meantime. However, goods transferred from their inventory stocks, any prepaid fees or expenses for services and any contributions of goods and services for use in your campaign will count towards your total campaign expenses.

Registration forms are available from the Election Finances Division upon request. You can apply for registration as soon as you receive your party's official nomination, but it does not take effect until the day the election is called.

If you apply after the writ has been issued your registration takes effect the day your Application for Registration is received by the Chief Electoral Officer.

If you mail your application by registered mail after the election is called, your application becomes effective on the day you mail the form, provided that the form is properly completed.

Independent candidates who have declared their candidacy publicly may apply for registration as soon as the election is called.

Note: You must file official nomination papers with the Riding Returning Officer in addition to registration with the Chief Electoral Officer for the purposes of the *Election Finances Act*.

Changes of Information

If you register and decide before polling day that you want to withdraw from the election, you must notify the Chief Electoral Officer. Your CFO will have to submit a financial statement covering any transactions you made up to that point.

The Chief Electoral Officer needs to be notified forthwith in writing of any changes of officers.

Campaign Income

The Act places limits on the amount of money your fund-raisers can accept from any single contributor. And it spells out in detail how the money you raise must be handled.

It is essential that your CFO review the guidelines issued by the Chief Electoral Officer very carefully.

You should be aware that it is your responsibility to ensure that your CFO issues a tax credit receipt for every contribution accepted which is deposited into your campaign financial institution account. Any of your own money which you use for your campaign must be recorded by your CFO as a contribution subject to the same limits as any other contributor (\$1,240). These out-of-pocket campaign expenditures count toward your spending limit as well as being contributions, so you will have to keep a complete list of them, including receipts and invoices, for your CFO.

Full particulars regarding the sources from which funds can be solicited, the limits on contributions, fund-raising activities, etc. are given in Section 4 on page 15.

Loans

You may borrow money for campaign purposes from any financial institution in Ontario, or from your registered party or constituency association. The terms of the loan will have to be recorded and included in your financial report to the Chief Electoral Officer. You may not accept a loan from any other source including a federal party, nor loan your own funds to your campaign.

Limits on Expenses

The Act sets ceilings on the amount of campaign expenses you may incur. The formula set out in the Act calculates your maximum allowable amount based on the number of electors entitled to vote in your electoral district. Any public subsidies for which you may be eligible are also derived from this formula. Further details regarding this can be found in Section 5 on page 18.

Your CFO must approve your campaign budget in advance and authorize all spending to ensure you do not go over your limit. Excessive spending will lead to a reduction of the Chief Electoral Officer's subsidy for your campaign and other penalties.

Advertising

The Act also sets time limits on political advertising. In all elections there is a blackout period imposed on the day before polling day and polling day.

In by-elections and general elections that are not scheduled under subsection 9(2) of the *Election Act*, there is an additional blackout period imposed that begins when writs are issued and ends on the 22nd day before polling day. In this instance, the allowable period for political advertising begins 22 days before polling day and ends at midnight on the day which is two days before polling day. For example, if polling day were May 28th, then political advertising could only be done during the period from May 6th through May 26th inclusive.

When the Campaign is Over

A campaign period officially ends three months after polling day. This enables a candidate's fund-raisers to raise additional funds to meet campaign expenses. Any debt outstanding after the application of the public subsidy becomes the responsibility of your constituency association.

If you end up with a surplus it must be turned over to your party or constituency association. In the case of an independent candidate any surplus must be turned over to the Chief Electoral Officer.

Win or lose the election, you have to file with the Chief Electoral Officer within six months of voting day a complete accounting of all money raised and spent. Make sure your CFO prepares and forwards the required audited statement of your campaign before the six month filing date. This is form CR-1.

The Chief Electoral Officer will publish in *The Ontario Gazette* and on an Internet website a summary of the total amount of your campaign income, campaign expenses, and subsidy received along with the income and campaign expenses of the endorsing constituency association.

In addition, your audited campaign return including the list of the name, address and amount of the contribution of everyone who donated more than \$100 in aggregate to your campaign will be available for examination by any person upon request at our office.

SECTION 2 – THE CONSTITUENCY ASSOCIATION

Constituency associations, like candidates and political parties, must register with the Chief Electoral Officer.

Your association must appoint a CFO and an auditor. It must also keep detailed records of income and expenditures. Therefore, it is important that your CFO has some knowledge and experience in accounting or bookkeeping.

Registration particulars, forms and guidelines for your CFO are available from the Election Finances Division of the Chief Electoral Officer. Most of the rules dealing with the CFO and fund-raiser also apply to the constituency association, so we recommend a careful reading of those sections.

Reporting

Your financial statement for each year must be filed with the Chief Electoral Officer by May 31st of the following year. It will include statements of contributions, all other income received and expenses for the year. Also, you must file the name and address of each person, corporation or trade union who contributed a total in excess of \$100 to your association in that year. This is form AR-1.

During an election campaign period, you are required to keep separate records and file an additional statement within six months of polling day. This is due whether or not your candidate wins the election, and should include contributions and other income received and expenditures made for the campaign. Thus it is

important to keep election activities separate from your normal operations. The campaign statement is form CR-3.

Both the campaign period and annual statements will have to be audited before you file them with the Chief Electoral Officer. Once filed, the financial statements of every constituency association are available for examination by any person upon request at our office.

Fund-Raising Rules

Your association can raise money during each calendar year, whether or not there is an election.

Your association cannot accept more than \$1,240 from any one person, corporation that is not a registered charity or trade union during any year, whether or not there is an election. But when there is an election, even an individual contributor who has donated the full \$1,240 to your association is free to donate up to \$1,240 to the candidate's organization. Of course, anyone may also make contributions to a political party.

You will find a table giving the details of the contribution limits, and more complete information about who may contribute in Section 4 on page 12.

During a campaign period, funds can be transferred from your association to the candidate's campaign organization. The CFO of the constituency association must record the individual sources of the money for their report to the Chief Electoral Officer, but the candidate has only to record that the transfer came from the constituency association.

Spending Limits

The total combined amount each candidate and the constituency association can spend during a campaign is limited by the Act to an amount determined by the number of electors entitled to vote in the constituency.

Remember that any money spent, any inventory stock transferred by your association, any fees or expenses for services and any contribution of goods and services for the candidate's use during an election, count towards the total permitted amount. All campaign expenditures made by the constituency association must be authorized in writing by the candidate's CFO. Thus, there will have to be co-ordination between the association and the candidate prior to and throughout the campaign period. See Section 5 on page 18 for more information about spending limits.

Fund-Raising Activities

If a collection is taken at a meeting, your CFO is required to record the total amount collected. Donations of \$10 or less can be accepted as anonymous donations, but anything over \$10 is a contribution and must be recorded together with its source. Any other anonymous contributions must be remitted to the Chief Electoral Officer.

When you hold a dinner, dance or social event for the purpose of raising funds and you sell tickets for admission, a portion of the "per person" charge will, in certain instances, be deemed to be a contribution to the constituency association or candidate by whom or on whose behalf the activity is held, see Section 4 on page 12.

Also, if you have an auction or similar event where goods are sold, any amount paid by the purchaser that is over the going market price for that item will be considered a contribution.

Annual membership fees for the party and/or constituency association that come to a combined total of \$25 or less may be considered not to be contributions, provided that you maintain a membership list that shows the fees paid by each member. You have the option of considering membership fees as a contribution, in which case each payment received should be acknowledged by a tax credit receipt.

Change of Officers

Whenever there is any change in the information you filed with the Chief Electoral Officer at the time of registration, you must notify the Chief Electoral Officer in writing within thirty days.

In addition, the *Act* requires that if your association's CFO ceases to hold office for whatever reason, you must forthwith appoint another CFO. Similarly, if the auditor's position is vacated you must appoint another auditor forthwith. It is the responsibility of your association to inform the Chief Electoral Officer immediately of changes in either of these two positions.

Loans

The association may borrow money from any financial institution in Ontario, or from your party or another constituency association registered with the Chief Electoral Officer.

Loans may not be accepted from any person, corporation, trade union or other organization, including a federal party.

Your CFO must record the terms of the loan and include it in the report to the Chief Electoral Officer at the time the audited financial statement is filed.

SECTION 3 – THE CHIEF FINANCIAL OFFICER

Being a CFO is an important job. The Chief Electoral Officer will provide you with detailed guidelines to clarify your responsibilities under the Act.

You are responsible for all the financial aspects of the constituency association's business and/or the candidate's campaign. The duties include the maintenance of complete financial records and the preparation of reports that must be filed with the Chief Electoral Officer. For this reason the Chief Electoral Officer advises that the CFO have experience in accounting or bookkeeping.

Since the financial records have to be audited, and the statements filed with the Chief Electoral Officer must be accompanied by an auditor's report, a meeting with your auditor following your appointment as CFO would be helpful and is strongly recommended.

There are other responsibilities too:

- You must ensure that all funds received are deposited in the account of the financial institution in Ontario that you have registered with the Chief Electoral Officer.
- Contributions consisting of goods and services must be valued and recorded as described in the Act.
- Tax credit receipt forms given to you by the Chief Electoral Officer for the purpose of acknowledging contributions must be issued for all contributions received (accepted) after they have been deposited in the financial institution.
- The audited financial statements accompanied by the auditor's report must be filed with the Chief Electoral Officer by the deadline dates.
- All payments, with the exception of minor disbursements from a petty cash account, must be by cheque.
- During an election, you must authorize all expenditures made on the campaign. To ensure that you do not go over the set spending limit, you should draw up a comprehensive budget in advance.

Contributions from Fund-Raising

In the Fund-raising Section on page 12, full details are provided about the limit on contributions, the sources from which contributions may be accepted, unlawful contributions, the holding of social functions for the purpose of raising funds and the need for all funds to be turned over to the CFO.

As CFO you must be familiar with all matters set forth in Section 4 on page 12. It is your responsibility not to accept contributions that are prohibited under the Act, and to refund contributions improperly accepted.

Tax credit receipts are only issued for the value of donations that are considered contributions under the Act.

Contribution Records

The name and address of every person, corporation or trade union who makes a donation should be recorded. Wherever the total contributions received (accepted) is more than \$100 from any single source over the period of a year in the case of a constituency association, or through the election campaign period in the case of a candidate, you will have to file with the Chief Electoral Officer the exact amount and the full name and address of the contributor.

The candidate's organization and the constituency association can accept funds from the provincial party and trust funds that have been registered with the Chief Electoral Officer and need only record the amount and source. Candidates can accept money from their constituency associations, recording only that it came from the association. Any such funds must, of course, be deposited in the financial institution account registered with the Chief Electoral Officer.

In both these cases, the group that originally accepted the contributions -- the party or the constituency association -- should record the name and address of the individual contributors.

Contribution of Goods and Services

When services are donated, the basic rule is that work done by people acting on a voluntary basis does not count as a contribution. Also, if a corporation or a trade union voluntarily makes people available to help in your campaign and does not pay them extra for doing so, this does not count as a contribution so no tax credit is available.

However, some goods or services you receive as donations may be considered a contribution. If the goods and services are valued in excess of \$100 they are considered a contribution and must be recorded, together with the name and address of the contributor. This remains true whether the contribution consists of one large donation, or is the sum total of a number of smaller contributions of goods and services from a single contributor during a year or campaign period. Therefore, it is important that you keep records of all such contributions, just as you would with money.

If the total value is \$100 or less, then it will be considered to be a contribution unless the donor specifies it is not a contribution. Whenever the goods are

considered to be contributions, they should be acknowledged with a tax credit receipt.

The rule for setting the value of donated goods is that they must be considered contributions equal in value to what their normal cost in your area would be. For instance, if a donation is made of letterhead and envelopes that would normally cost \$120, you must record it as a contribution of \$120, along with the name and address of the contributor. This also applies to any goods you receive at a reduced price, in which case the value of the contribution would be the difference between the price you paid and the normal selling price of the goods. If it exceeds \$100, it must be recorded as a contribution.

The same applies to election advertising placed by anyone other than your provincial party, with the knowledge and consent of your candidate. If its normal cost is more than \$100 it must be recorded as a contribution, and it also counts toward the candidate's spending limit under the Act.

Contributions Not Acceptable

Contributions cannot be accepted from any person who does not live in Ontario, a corporation that is a registered charity or that does not carry on business in the province or a trade union that does not represent employees in the province.

Cash contributions in excess of \$25 cannot be accepted. Contributions over this amount must be by cheque, money order, or credit card. No contributors may contribute money that is not their own.

Contributions payable to a candidate's campaign cannot be accepted until the candidate is registered with the Chief Electoral Officer.

Contributions cannot be accepted from political parties, constituency associations or candidates in other provinces or at the federal level.

No candidate or constituency association can accept contributions from a single source over the limits set out in the Act.

Except for donations of \$10 or less into a general collection at a meeting, anonymous contributions cannot be accepted.

If you find you have received contributions prohibited by the Act, it is up to you to return them, provided you first retrieve the tax credit receipt issued. If the donor is anonymous and cannot be found, or if the tax credit receipt is not recovered, you are required to forfeit the contribution to the Chief Electoral Officer.

Details about the limits on contributions from individual sources are spelled out in the Fund-Raising/Contributions Section on page 12, and in the Chief Electoral Officer's Guidelines for CFOs.

Non-Contribution Sources of Funds

Donations of \$10 or less received by "passing the hat" at a political meeting are not considered contributions.

You may choose to consider annual membership fees of \$25 or less not to be a contribution provided you keep a membership list, stating how much each individual has paid.

Funds may be transferred to or from your association to a political party or candidate registered with the Chief Electoral Officer. However, funds may not be transferred to federal or municipal levels.

Both a candidate and a constituency association may borrow money (see the Candidate Section on page 1 and the Constituency Association Section on page 5) but you must record the terms of the loan and report it to the Chief Electoral Officer. Loans may not be accepted from any person, corporation, or trade union or from any other organization, including a federal party.

Also, at the option of the donor, goods and services with a total value of \$100 or less may be considered not to be a contribution.

In some circumstances, part of the income from the sale of tickets to a fund-raising activity, such as a dance, will be non-contribution funds. Complete information regarding this can be found in Section 4 on page 12.

Campaign Subsidy

The candidate's CFO should be aware that when the campaign financial statements have been filed, your campaign is entitled to funding by the Chief Electoral Officer if your candidate received 15% or more of the popular vote in the riding and if both your campaign and endorsing constituency association financial statements are approved.

The subsidy to which a candidate may be entitled is the lesser of 20% of the actual campaign expenses or 20% of the maximum allowable campaign expenses. Details of this can be found in Section 5 on page 18.

If your campaign ends with a deficit, you must use the subsidy from the Chief Electoral Officer to pay off the incurred debts. If a further deficit remains, it becomes the responsibility of the constituency association. If you end with a surplus, the extra money must be turned over to your party or constituency association.

In the case of an independent candidate the surplus must be turned over to the Chief Electoral Officer.

Audit Requirements

The Chief Electoral Officer will provide forms to fill out for the required information whether in respect to the candidate's campaign, the campaign period of the association, or the annual statement which every association must file covering its financial activities. Details of your total contributions and expenses will be required, together with the name and address of every person, corporation or trade union who donated more than \$100.

The financial statements submitted to the Chief Electoral Officer must be audited. The Chief Electoral Officer will pay the costs of the audit up to a maximum of \$1,240 for a candidate's campaign statement and \$744 for each of the campaign and annual statements of the constituency association.

A financial summary of your candidate's campaign income and campaign expenditures as well as that of the constituency association will be published in *The Ontario Gazette* and on an Internet website, and the names of contributors who gave more than \$100 will be kept on file at the Chief Electoral Officer for public inspection.

SECTION 4 – FUND-RAISING, AND CONTRIBUTIONS

The Act sets specific limits on the amount of money a political fund-raiser can accept from any single contributor.

In addition, it brings into the open the results of your efforts by making public the sum total of contributions accepted, as well as the name, address and contribution of every individual who donated in excess of \$100.

The CFO must be provided with accurate information regarding the source of every contribution collected and turned over for deposit, since this information must be relayed to the Chief Electoral Officer.

You should also be aware of the types of contributions which cannot be accepted.

Contribution Limit

The Act provides for (1) a limit on the source from which contributions may be accepted, (2) the amount that can be accepted, (3) the form in which contributions can be made, and (4) in the case of the candidate's campaign, the time in which a contribution can be accepted.

SOURCE LIMIT

The eligible sources from which contributions can be accepted are:

- (a) any person normally resident in Ontario,
- (b) corporations that carry on business in Ontario and are not registered charities, and
- (c) trade unions that hold bargaining rights for employees in Ontario, and labour councils located in Ontario.

A registered candidate may make a contribution within the limits provided by the Act because the candidate is a person normally resident in Ontario. Candidates may contribute by spending their own funds for campaign purposes, so long as they maintain a complete record for submission to their CFO within three months of polling day.

If an unincorporated group, such as a partnership, should wish to make a contribution, the contribution must be accompanied by a list outlining the names and addresses of the contributors in the group and the exact amount given by each individual. The individual's share in the group's contribution will count towards that person's limit.

A federal constituency association can make neither a contribution nor a loan to a political party, candidate or constituency association registered with the Chief Electoral Officer. This same prohibition applies to political parties or constituency associations from other provinces.

LIMIT ON AMOUNT

In any year, any person, corporation or trade union may contribute up to \$9,300 to a provincial party. Each may contribute up to \$1,240 to any constituency association but the total contribution to all constituency associations of the same party may not exceed \$6,200.

During an election, individuals, corporations and trade unions are permitted to make extra contributions. They may give up to an additional \$9,300 to a provincial party, and may contribute up to \$1,240 to any candidate, but their total contribution to all candidates of the same party may not exceed \$6,200.

These totals include contributions of goods and services. The value of such contributions should be calculated as described in the CFO's section on page 8.

If you do accept more than the limit from any one source, your CFO is obliged to recover any tax credit receipts issued and then return the excess contribution to the contributor.

MAXIMUM CONTRIBUTIONS					
	To PROVINCIAL PARTY	To CONSTITUENCY ASSOCIATION		To CANDIDATE	
		Each	Total	Each	Total
^c					
^c					
Annually	\$9,300	\$1,240	\$6,200	Nil	
Extra During a Campaign Period	\$9,300	Nil		\$1,240	\$6,200

LIMIT AS TO FORM

Only contributions up to \$25 may be accepted in cash. It is required that the name and address of the contributor be obtained and relayed to the CFO.

Contributions over \$25 must be made by a cheque drawn on a financial institution account in the contributor's name, by a money order signed by the contributor, or by a charge on a credit card embossed with the contributor's name.

It is important to note that contributors cannot make a contribution of funds which do not belong to them. For example, if a corporation offers donations that are company money, but are being passed through individuals to get around the contribution limits placed on the corporation, you cannot accept it.

Anonymous contributions, other than amounts less than \$10 collected by "passing the hat" at a meeting cannot be accepted. If you receive a contribution from an unknown source, it must be turned over to the CFO who will remit it to the Chief Electoral Officer.

In addition to contributions in the form of cash, credit card, cheque, or money order, a contributor may donate goods and services. The requirements for this form of contribution are outlined in the CFO Section on page 8.

TIME OF CAMPAIGN CONTRIBUTIONS

As a fund-raiser for the candidate's campaign you must be aware that it is illegal to accept contributions for the campaign prior to the candidate's registration with the Chief Electoral Officer. The candidate's CFO should be able to tell you of the effective date of the candidate's registration with the Chief Electoral Officer.

Your activity as a fund-raiser for the candidate's campaign does not necessarily end the day of the election but may continue after polling day for another three months. This extended period will be helpful in the raising of any additional funds that may be required to ensure all of the candidate's campaign expenses are paid.

Corporate Contributions

Caution should be taken to avoid over-contributions by associated corporations. "Associated corporations" as legally defined, will be classed as one contributor in calculating limits unless each is carrying on an "active" business. Every active business will be treated as an individual contributor. This is not always easy to ascertain, but generally if a number of corporate donations come in together, if they are signed by the same officers, have the same address or have a similar name, you should enquire whether the businesses are associated and active. A call to the contributor should enable you to find out any information you need.

Watch also for corporate contributions where the cheque bears the name of two corporations because this joint venture of the corporations may be a partnership. The extent to which each corporation shares in the contributions must be determined for tax credit receipt acknowledgement.

The corporate contributor should also be cautioned about the buying of fund-raising event tickets where part of the price is considered a contribution, when the corporation may have already contributed the maximum allowed.

Fund-Raising Activities

As a fund-raiser you will probably initiate or be involved in arranging a social activity for the purpose of raising funds for your candidate's campaign or for your association.

You should therefore be aware that part of the price of the ticket to an activity may have to be considered a contribution to the association or candidate by whom or on whose behalf the event is held.

All direct expenses related to the fund-raising activity, calculated on a per person basis, must be deducted from the amount charged for the event to arrive at the net contribution for which a tax credit receipt must be issued.

The party, candidate or association holding the event has the option of considering an additional portion of the ticket price up to a maximum of \$25, not to be a contribution.

For example, if a ticket for a dance is sold by a constituency association for \$40 per person up to \$25 can be considered not to be a contribution, in addition to the deduction which must be made for expenses. If the per person expenses are \$10, the net contribution must be between \$5 and \$30.

In addition you must ensure, where the contribution portion of the ticket price to the event is in excess of \$25, that payment for the ticket is by way of a cheque drawn on a financial institution account in the ticket purchaser's name, a credit card embossed with the purchaser's name, or a money order signed by the purchaser. All proceeds and particulars regarding the purchasers of tickets must be turned over to the CFO for deposit and recording purposes.

The expense of the event should, of course, be paid by the CFO by a cheque drawn on the campaign or association's financial institution account and all receipts are to be retained by the CFO for audit purposes.

Note: Expenses incurred running a fund-raising activity do not count toward the maximum campaign spending limits under the Act.

The Chief Electoral Officer has prepared detailed information on organizing fund-raising activities which you can find on page 15.

Disposition of Funds

A special note to the fund-raiser: Every contribution you accept must be given immediately to your CFO. The CFO is required to deposit it in the financial institution accounts your candidate or constituency association has registered with the Chief Electoral Officer and to issue receipts for all contributions accepted.

A contribution is not officially received (accepted) until the date the CFO deposits it in the registered account of the association or candidate.

Any delay in forwarding the contributions you have collected to the CFO for deposit can result in a contributor not being eligible for the political tax credit in the taxation year the donor has planned to receive it.

Tax Credit on Contributions

Both individuals and corporations can claim a tax benefit that will partially offset the costs of their contribution. The tax credit will reduce the amount of Ontario income tax individual contributors have to pay. This is quite separate from the credits allowed against your Federal income tax for contributions to Federal political parties.

In the case of a contribution by an individual, the tax credit is available only in the year the contribution was made. If the total of tax credits exceeds Ontario tax payable the amount is refundable.

The table below shows the tax credit available to individuals under the *Ontario Taxation Act, 2007*. As you can see, tax credits permit people to make contributions at relatively small cost to themselves, and so should help you in your fund-raising.

INDIVIDUAL POLITICAL CONTRIBUTION TAX CREDIT		
TOTAL CONTRIBUTION	CREDIT CALCULATION	MAXIMUM CREDIT
Up to \$372	75% of Contribution	\$279
\$372 to \$1,240	\$279 plus 50% of the amount over \$372	\$713
More than \$1,240	\$713 plus 33 $\frac{1}{3}$ % of the amount over \$1,240	\$1,240
	OR \$1,240, whichever is less	
Maximum credit allowed on contributions of \$2,821 or more is:		\$1,240

The tax benefit for corporations works somewhat differently. Corporations may deduct up to \$16,800 from their Ontario income for taxation years before 2009.

The Ministry of Finance announced on December 30, 2008 that the government proposes to introduce legislation in the spring of 2009 to convert the existing tax

deduction into a non-refundable tax credit. If approved by the Legislature, a 14 per cent non-refundable tax credit for corporations making eligible Ontario political contributions would be instituted and would be effective for taxation years ending after December 31, 2008. The announcement states that unused contributions, including those from pre-2009 taxation years, would be available to be carried forward and claimed for up to 20 years. We understand that, similar to the current deduction, the maximum amount of contributions eligible for the proposed corporate tax credit would be adjusted every five years based on an indexation factor established under the *Election Finances Act*.

For further information, you should consult the Ministry of Finance website at <http://www.fin.gov.on.ca/english/media/2008/nr12-tax.html>

No person or corporation can claim a tax benefit resulting from their contributions unless they produce a tax credit receipt for the amount contributed.

If your constituency association is collecting money on behalf of another organization, for example a municipal candidate or a charity, the entire proceeds must be remitted to that organization. Such monies are not income of your association; therefore your CFO cannot issue tax credit receipts for them.

Fund-Raising Limits

While there are limits on the amount each contributor can give, there is no limit on total contributions you may receive from all sources.

SECTION 5 – CAMPAIGN EXPENSES, SUBSIDIES, AND ADVERTISING

Campaign Expenses Defined

The Act sets ceilings on the amount that a registered party or candidate can spend during a campaign. This is to help ensure that all have an equal chance of being elected.

The Act defines a "campaign expense" to be any expense incurred for goods or services in relation to an election by or on behalf of a political party, constituency association or candidate registered with the Chief Electoral Officer for use in whole or in part during the period beginning when the election is called and ending on polling day, and is deemed to include the value of any goods held in inventory or any fees or expenses for services for any candidate or political party, and any contribution of goods and services to the political party, constituency association or candidate registered with the Chief Electoral Officer.

Transfers of inventory stock to the candidate, any prepaid fees or expenses for services and any contribution of goods and services for campaign use will count toward the spending limit. Also, any spending done by the association to promote its candidate during the campaign is an expense. However, the ongoing yearly administrative expenses of a constituency association are not included.

Other exceptions from "campaign expenses" are: the cost of seeking nomination, auditor's fees, expenses incurred holding a victory party, running "thank you" ads after polling day, the cost of a fund-raising activity (Section 4 on page 12), child care expenses of a candidate or other expenses not of a partisan value that are set out in the Chief Electoral Officer's guidelines. (See page 24 for campaign expense exceptions).

Candidate Spending Limit

The candidate's limit includes all expenses incurred by the candidate's campaign organization and any spending done by others on the candidate's behalf during the campaign period, particularly the constituency association.

The candidate's spending limit is calculated at \$1.19 times the number of electors in the candidate's electoral district.

Candidates from the electoral districts of Algoma-Manitoulin, Kenora-Rainy River, Nickel Belt, Thunder Bay-Atikokan, Thunder Bay-Superior North, Timiskaming-Cochrane and Timmins-James Bay are allowed a further \$8,680 because of the high travel costs in those areas.

Campaign Subsidy

When the financial statements and auditor's reports for the campaign period for both the candidate and constituency association have been filed, the campaign is entitled to financial support from the Chief Electoral Officer if the candidate received 15% or more of the popular vote in the riding, and if the financial statements of both the candidate and constituency association are approved.

The amount of the candidate's campaign subsidy is tied in with the spending limit under the Act. The candidate is entitled to either 20% of the maximum allowable spending limit or 20% of the actual campaign expenses -- whichever is less.

A further subsidy of \$8,680 is given to candidates in the electoral districts of Algoma-Manitoulin, Kenora-Rainy River, Nickel Belt, Thunder Bay-Atikokan, Thunder Bay-Superior North, Timiskaming-Cochrane, and Timmins-James Bay.

The subsidy from the Chief Electoral Officer is intended to help repay campaign debts. Any surplus or deficit will become the responsibility of the constituency association.

SAMPLE CAMPAIGN EXPENDITURE LIMITS BASED ON CONSITUENCY SIZE		
# OF ELECTORS ENTITLED TO VOTE	LIMITS FOR CANDIDATE AND CONSTITUENCY	MAXIMUM SUBSIDY
20,000	20,000 x \$1.19 = \$23,800	\$4,760
35,000	35,000 x \$1.19 = \$41,650	\$8,330
60,000	60,000 x \$1.19 = \$71,400	\$14,280

Party Spending Limit

Campaign spending of registered political parties is also limited under the Act. In a general election a party is limited to a total expenditure of 74¢ for each elector entitled to vote in all the electoral districts where there is an official candidate of that party. For a by-election, the ceiling is 74¢ for each of such electors in that constituency.

SAMPLE CAMPAIGN EXPENDITURE LIMITS BASED ON CONSITUENCY SIZE	
# OF ELECTORS ENTITLED TO VOTE	LIMITS FOR PARTY
20,000	$20,000 \times \$0.74 = \$14,800$
35,000	$35,000 \times \$0.74 = \$25,900$
60,000	$60,000 \times \$0.74 = \$44,400$

Exceeding Your Limit

Spending in excess of the maximum set under the Act will automatically result in a dollar-for-dollar reduction of the amount of your campaign subsidy from the Chief Electoral Officer. In some cases it could also result in further penalties, such as fines or forfeiture of your seat in the Legislative Assembly.

Special Note to the CFO

It is up to the CFO to make sure that the campaign spending does not go over the set limit. The Act requires that you budget, and approve in advance any spending of the constituency association with regard to the campaign. Also, you must keep records of all expenditures of \$25 or more.

If the candidate pays any campaign expenses out of pocket, a written statement must be submitted, together with all receipts and claims, to the CFO within three months of polling day.

Note: The candidate's expenditures count towards the spending limit and are also contributions under the Act.

Your campaign's audited financial statement for the Chief Electoral Officer is due six months after polling day. In that report you must list all campaign expenses paid and outstanding and any disputed claims for payment.

Campaign Advertising

Media advertising is a very influential aspect of political campaigning and usually constitutes a major part of the expenses of any campaign. To ensure fairness, the Act limits the period of time during which any party, constituency association, candidate, or third party can use media advertising in an election campaign. Therefore, it is up to the person in charge of advertising to plan the media schedule in accordance with the limits.

Note: All political printed advertising, handbills, placards, posters, electronic sites and broadcast or telecast advertisements shall bear or make reference to the name of the registered constituency association, registered political party, person, corporation or trade union authorizing the political advertising.

Commencement of Campaign Advertising

In all elections there is a blackout period imposed on the day before polling day and polling day.

In all by-elections and general elections that are not scheduled under subsection 9(2) of the *Election Act*, there is an additional blackout period imposed that begins when writs are issued and ends on the 22nd day before polling day. In this instance the allowable period for political advertising begins 22 days before polling day and ends at midnight on the day which is two days before polling day. For example, if polling day were May 28th, then political advertising could on by done during the period from May 6th through May 26 inclusive.

However, the Act does not require that you remove before polling day existing billboards or electronic sites providing they have not been altered during the blackout period. There are also a few other exceptions:

1. You can advertise earlier to announce public meetings, your headquarters location, the services your constituency association will provide with regard to enumeration and revision of the voters' list, or other administrative matters. These announcements must be limited to information and cannot be a solicitation for support.
2. You can advertise services available to the voter both on the day before polling day and on polling day. For example, advertising "baby sitting services provided while you go out to vote", or "rides to the polling station" are permissible, however the exempt service or activity must be the dominant feature of the advertisement. Such ads may contain the name of the candidate, the party name or logo, but must not contain any slogan or motto promoting the candidate or the party, or opposing another candidate or party.

3. A campaign advertisement may appear in a weekly newspaper the day before polling day if that day is the day of its regular publication.
4. You may advertise for volunteer campaign workers at any time.

Media Rates

No publisher or broadcaster can charge any more for advertising at election time than they would normally charge anyone else for an equivalent amount of space or time during the same period. If you are buying radio time, for example, the station cannot charge you “triple A” rates for mid-morning slots.

The media cannot give you special low rates either. A broadcaster and/or publisher cannot charge you **less** for space or time than they would normally charge anyone else for an equivalent amount of space or time over the same period. If they do, the difference between the normal rates and what they charge you counts as a contribution. Also the advertisements count towards your total spending limit at their full normal price.

Free Time on Radio or Television

As long as the free time is available to all candidates or political parties in accordance with the provisions of the *Broadcasting Act (Canada)*, or its regulations and guides, it does not count as a contribution or count towards your spending limit.

Ads Run by Other People

If anyone places advertising supporting your candidate with your candidate’s consent and knowledge, the costs of these advertisements must count as contributions if they exceed \$100. These ads always count towards your spending limit under the Act.

This applies to adds that attack your candidate’s opponents, if they are placed with the knowledge and consent of your candidate.

Bona Fide News Stories

A publishing facility may publish bona fide news stories (including interviews, commentaries, or other works published without charge to any party, candidate, or association) throughout a campaign period because such material is not considered political advertising.

A broadcasting facility may similarly broadcast bona fide news stories, provided it is done in keeping with the *Broadcasting Act* (Canada), or its regulations and guides.

No broadcast of a partisan nature, however, is permitted on Election Day, or on the previous day.

Limit on Campaign Expenses

All expenses are to be recorded and reported. However, only certain expenses are treated as campaign expenses subject to the spending limit imposed by the *Election Finances Act*.

Campaign Expense Exceptions

The following are expenses which are excluded from the spending limit:

- (a) expenses incurred by a candidate in seeking nomination in accordance with the *Election Act*
- (b) expenses that are incurred by a candidate with disabilities and that are directly related to the candidate's disabilities
- (c) auditor's and accounting fees
- (d) interest on loans authorized under section 35
- (e) expenses incurred in holding a fund-raising activity referred to in section 23
- (f) expenses incurred for "victory parties" held and "thank you" advertising published after polling day
- (g) expenses incurred in relation to the administration of the political party or constituency association
- (h) transfers authorized under section 27
- (i) fees paid in respect of maintaining a credit card facility
- (j) expenses relating to a recount in respect of the election
- (k) child care expenses of a candidate and other expenses not of partisan value that are set out in guidelines provided by the Chief Electoral Officer under clause 2 (1) (j)
- (l) expenses relating to research and polling

(m) travel expenses

Campaign expenses are deemed to include the value of any goods held in inventory or any fees or expenses for services for any candidate or political party, and any contribution of goods and services to the political party, constituency association or candidate registered under the *Election Finances Act*, for use in whole or in part during the period commencing with the issue of the writ for an election and terminating on polling day.