



Written Opinions, Guidelines and Interpretation Notes

Interpretation Note: 2018-10

Cryptocurrencies

Comments made during formal consultation period of January 7 to 21, 2019

Comments received from the Marijuana Party	Elections Canada response to the Marijuana Party
<p>Who has the authority to determine what money is, what legislation is primary, in governing the commercial activities of federal political entities in Canada, and wherever Canadian voters reside??</p> <p>Elections BC and the U.S. Federal Election Commission have decided cryptocurrencies are like non-monetary contributions, whereas Elections Ontario has decided that cryptocurrencies are no different than money; we request the methodology for not siding with Elections Ontario. Please include the governmental and non-governmental agencies that have provided interpretations for Elections Canada's decision.</p>	<p>Elections Canada's role is to issue guidance on federal political financing in consultation with registered parties and in accordance with the <i>Canada Elections Act</i>. Based on the information presented in the interpretation note, we concluded that the provision of cryptocurrencies to political entities is a non-monetary contribution under that Act.</p>
<p>If the political parties publish wallet addresses to accept donations to, will it not be nearly impossible for the parties to verify every donation made, as users could generate new public keys for each transaction?</p>	<p>As with any contribution type, political entities have an obligation to know where contributions in cryptocurrency are coming from. This is why the interpretation note recommends that political entities establish a two-step process for accepting contributions over \$20.</p>
<p>According to Elections Canada's information, who is currently using cryptocurrencies? What are they using them for, and in what amounts?</p>	<p>As of the 2017 fiscal year, which is the most recent year for which annual financial returns are available, no registered parties have reported using cryptocurrencies. It is not currently possible to review all other political entities' returns for this type of information.</p>

<p>Is it not correct that: you are not a person. You have a person (this was not a choice you made, and it's not your fault!)? You have the right to “security of the person”! This does not mean what you think it means! This is a legal declaration. Nowhere does it say the government has the right to “secure the person”. You decide what happens to your person, just like you decide what happens to that \$20.00 bill in your wallet, even though it's not yours. Is this not your right?</p> <p>Is it not true that: The Government is a trust; however, they do not abide properly within that trust as trustees, whereas they force you to be the trustee when it is supposed to be the other way around?</p> <p>Does Elections Canada currently contract any supernumerary? (Basically, it's a contracted position where you hold the same “Authority” as an officer of an organization, but have no surety.)</p> <p>If the following is not correct, kindly explain the case: If you declare your crypto gains, then you owe the tax. Think of it as an ignorance tax. To be clear:</p> <p>The Government had no hand in the creation or development of cryptographic currencies. None.</p> <p>They have no right/claim/authority to any cryptocurrency holdings you may have.</p> <p>You do not have to declare cryptocurrencies. Ever. Even if the IRS/CRA waves a bunch of magic parchments around, you still do not have to declare to the CRA/IRS any crypto holdings/gains/losses/assets. Ever. It is literally none of their business.</p>	<p>This is outside the scope of the current consultation. The purpose of the interpretation note is to provide guidance on how political entities can accept contributions of cryptocurrency and use cryptocurrencies while remaining in compliance with the <i>Canada Elections Act</i>. Compliance can only be achieved through transparent reporting.</p>
<p>Since cryptocurrencies are used as a secure method of sending communications, how would a federal political entity account for internal communications? If an accountant accepts cryptocurrencies for professional services, is this transaction covered by the OGI #10 – Cryptocurrencies?</p>	<p>If an accountant accepts cryptocurrencies as payment for preparing a registered party's financial returns, the payment simply needs to show in aggregate on the registered party's annual return as an increase in expenses and a decrease in cryptocurrency holdings.</p>

Comments received from the Rhinoceros Party	Elections Canada response to the Rhinoceros Party
<p>We should be accepting payments by cryptocurrency on our website. Is this currently legal? There is a very promising Canadian cryptocurrency. They should be encouraged!</p>	<p>The <i>Canada Elections Act</i> does not prevent a party from accepting payments by cryptocurrency (for example, for the sale of branded goods) on its website. If the payment results in a contribution over \$20, then the registered party will need to record the contributor's information. Please see the fundraising chapter in the <i>Political Financing Handbook for Registered Parties and Chief Agents</i> for details.</p>
Comments received from the Commissioner of Canada Elections	Elections Canada response to the Commissioner of Canada Elections
<p>1. Interpretation, p. 2</p> <p>At point (8), the wording used implies that the <i>Canada Elections Act</i> (Act) clearly prohibits buying goods or services directly with cryptocurrencies. In light of the overall scheme of the Act, it is suggested to make the following underlined changes respectively to the French and English versions of the document:</p> <p style="padding-left: 40px;">Pour respecter l'objectif de transparence de la LEC, les candidats, les candidats à l'investiture et les candidats à la direction ne devraient pas acheter de biens ou de services au moyen de cryptomonnaies. Cette règle s'applique également aux dépenses électorales des partis enregistrés. Les cryptomonnaies devraient être vendues et les fonds devraient être déposés sur le compte bancaire de l'entité politique avant d'être utilisés pour effectuer des achats.</p> <p style="padding-left: 40px;">To meet the CEA's objective of transparency, candidates, nomination contestants and leadership contestants should not buy property or services directly with cryptocurrencies. This is also the case for registered parties in terms of their election expenses. Cryptocurrencies should be liquidated and the funds deposited into the political entity's bank account before being used to make purchases.</p> <p>At point (12) and in other relevant instances in the document, when talking about the disposal of the surplus and its remittance to the appropriate political entities, it should be added that in the case of an independent candidate, the surplus must be remitted to the Receiver General.</p>	<p>The wording in point (8) has been modified as suggested.</p> <p>The following sentence has been added to point (12) and on page 6 of the note: "Independent candidates must liquidate their remaining cryptocurrencies and remit the proceeds to the Receiver General for Canada."</p> <p>In addition, as per Bill C-76, point (12) and page 6 have been modified to state that leadership and nomination contestants must now liquidate their cryptocurrencies as part of surplus disposal.</p>

<p>2. How do the contribution rules apply? p. 4</p> <p>In the last sentence of the third paragraph, it should be stated that it is the non-monetary contribution itself, “cryptocurrencies” for a value of \$500 Canadian dollars, which has to be returned, unused, to the contributor, and not \$500 in Canadian dollars. It should be also clarified that should the cryptocurrencies have been used, their commercial value ought to be remitted by issuing a cheque to the Receiver General.</p>	<p>The text has been modified to read as follows: “For example, if the commercial value places the contributor over their limit by \$500, the political entity must return, unused, the same type of cryptocurrency valued at \$500 (at the time it is returned) to the contributor. If the contribution was used, the political entity must remit the ineligible amount of \$500 by cheque to Elections Canada, payable to the Receiver General for Canada.”</p>
<p>3. Can political entities buy property or services directly with cryptocurrencies? p. 6</p> <p>In keeping with the first comment, at page 7 of the French version of the document, in the last sentence of the second paragraph, « doivent » should be replaced with « devraient ». The corresponding text in the English version of the document should be reviewed and harmonized accordingly with the French version.</p>	<p>The text has been modified as suggested in English and French.</p>
<p>4. Disposal of the surplus, p. 6</p> <p>In the first sentence of the first paragraph, as it is stated in the penultimate sentence of this paragraph about the nomination and the leadership contestants, it should also be clarified with respect to candidates that funds can be transferred as surplus only after all campaign expenses are paid.</p>	<p>The paragraph has been clarified as follows:</p> <p>“As part of surplus disposal after a campaign, once all expenses are paid, candidates must transfer their remaining cryptocurrencies to an eligible political entity or liquidate them at fair market value and transfer the proceeds to an eligible political entity. Independent candidates must liquidate their remaining cryptocurrencies and remit the proceeds to the Receiver General for Canada. Nomination contestants and leadership contestants must liquidate their remaining cryptocurrencies and transfer the proceeds to an eligible political entity; they cannot transfer non-liquidated cryptocurrencies.”</p> <p>The footnote has been modified to clarify that for candidates not transferring their cryptocurrencies and for all contestants, the obligation to liquidate applies to cryptocurrencies with a per-unit value of more than \$200, which meet the definition of capital assets.</p>

The following parties did not submit comments to Elections Canada regarding OGI 2018-10:

- Alliance of the North
- Animal Protection Party of Canada
- Bloc Québécois
- Christian Heritage Party of Canada
- Communist Party of Canada
- Conservative Party of Canada
- Green Party of Canada
- Liberal Party of Canada
- Libertarian Party of Canada
- Marxist-Leninist Party of Canada
- New Democratic Party
- Progressive Canadian Party