



This document is Elections Canada's guideline OGI 2019-03.

Political Financing Handbook

for Nomination Contestants and Financial Agents

To be used for contests starting on or after
June 13, 2019

June 2019

EC 20182



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About This Document

Introduction to the handbook

This handbook is designed to assist nomination contestants and their financial agents. It is a tool that will help in the financial administration of the nomination contestant's campaign.

This document is a general guideline issued pursuant to section 16.1 of the *Canada Elections Act*. It is provided for information and is not intended to replace the Act.

Elections Canada will review the contents of this handbook on a regular basis and make updates as required.

Note: The term "individual" used in this handbook refers to a Canadian citizen or permanent resident.

What's new in recent releases?

Release	Where	Title	Summary
June 2019	Chapter 2	Accepting contributions of cryptocurrency	New content added as per OGI 2018-10, <i>Cryptocurrencies</i> .
	Chapter 3	Types of loans	New way to report a line of credit in some circumstances.
	Chapter 6	Ticketed fundraising events	Clarified what is included in the benefit for a ticketed fundraiser.
		Other ticketed events	New section on calculating the benefit when a ticketed event is held for promotional purposes rather than to raise funds.
	Chapters 7–12	All	New and redefined expense categories and payment options, as per Bill C-76.
	Chapter 12	Auditor's fees	New auditor's subsidy explained.
	Chapter 15	What is a surplus?	New formula for calculating surplus funds, as per Bill C-76.
December 2018	All	Sale of capital assets	Added requirement to sell capital assets after the nomination contest, as per Bill C-76.
		n/a	Content reorganized for better flow, new examples added and relevant content brought in from other recent handbooks.
	Chapter 2	Volunteer labour is not a contribution	New content and examples added as per OGI 2019-01, <i>Volunteer Labour</i> .

Release	Where	Title	Summary
	Chapter 6	Fundraising expenses	Content added on the exclusion of certain fundraising expenses from nomination contest expenses.
		Regulated fundraising events	Concept of regulated events (definition, requirements and examples) introduced as per Bill C-50.
	Chapters 7, 8 and 9	n/a	Definitions and categories of nomination campaign expenses revised as per Bill C-50.
	Chapter 8	Websites and web content Website of a parliamentarian	Reporting requirements clarified for expenses associated with websites, web content and pre-existing material.

Contact information

Internet	elections.ca
Telephone	Political Entities Support Network 1-800-486-6563 Regular Hours Monday to Friday, 9:00 a.m. to 5:00 p.m. (Eastern time) Elections Canada General Enquiries 1-800-463-6868
Fax	Political Financing 1-888-523-9333 (toll-free) 1-819-939-1803
Mail	Elections Canada 30 Victoria Street Gatineau, Quebec K1A 0M6
Email	General Enquiries info@elections.ca Political Financing Enquiries political.financing@elections.ca Electronic Financial Return (EFR)—Enquiries and Submissions efr-rfe@elections.ca

1. Reference Tables and Timelines

This chapter presents quick reference tools for nomination contestants and financial agents. It covers the following topics:

- *Starting the nomination contestant's campaign*
- *Role and appointment process—financial agent and auditor*
- *Important deadlines for the nomination contestant's campaign*
- *Closing the nomination contestant's campaign*
- *Limits on contributions, loans and loan guarantees*
- *Transfers—types and rules*
- *Important reminders for nomination contestants and their financial agents*

Starting the nomination contestant's campaign

Party or association decides to hold a nomination contest

A nomination contest is a competition to select a person who will be proposed to a registered party for endorsement as its candidate in an electoral district.

A registered party or a registered association may decide to hold a nomination contest at any time. Elections Canada only needs to be notified within 30 days after the selection date.

Check the eligibility rules

The registered party or registered association holding the contest sets the requirements that any person must meet to be a nomination contestant.

Under the *Canada Elections Act*, people in the following positions have to step down once they become nomination contestants:

- auditors of candidates, nomination contestants, leadership contestants, registered parties or electoral district associations
- financial agents of nomination contestants

Appoint financial agent

The nomination contestant must appoint a financial agent before:

- accepting a contribution, loan or transfer
- incurring nomination campaign expenses

However, if the contestant's campaign is not accepting contributions, transfers or loans or incurring nomination campaign expenses, the contestant does not have to appoint a financial agent.

Appoint auditor

A nomination contestant who has accepted contributions totalling \$10,000 or more, or incurred nomination campaign expenses totalling \$10,000 or more, must appoint an auditor without delay.

Note that transfers to affiliated political entities are not nomination campaign expenses.

Starting the nomination contestant's campaign (continued)

Open bank account

The financial agent has to open a separate bank account to be used exclusively for the contestant's campaign.

The account has to be with a Canadian financial institution or an authorized foreign bank, as defined by the *Bank Act*.

The financial agent must be named as the account holder, as follows: (name), financial agent. For example: "Peter Raymond, financial agent".

It is also acceptable to add the contestant's name to the name of the bank account. For example: "Peter Raymond, financial agent for Anne Thomas".

All monetary transactions in relation to the campaign have to go through the campaign bank account.

The bank account has to remain open until the campaign fulfills all financial obligations.

Note: The bank account opened for the nomination contest cannot be subsequently used for a nominated candidate's election campaign.

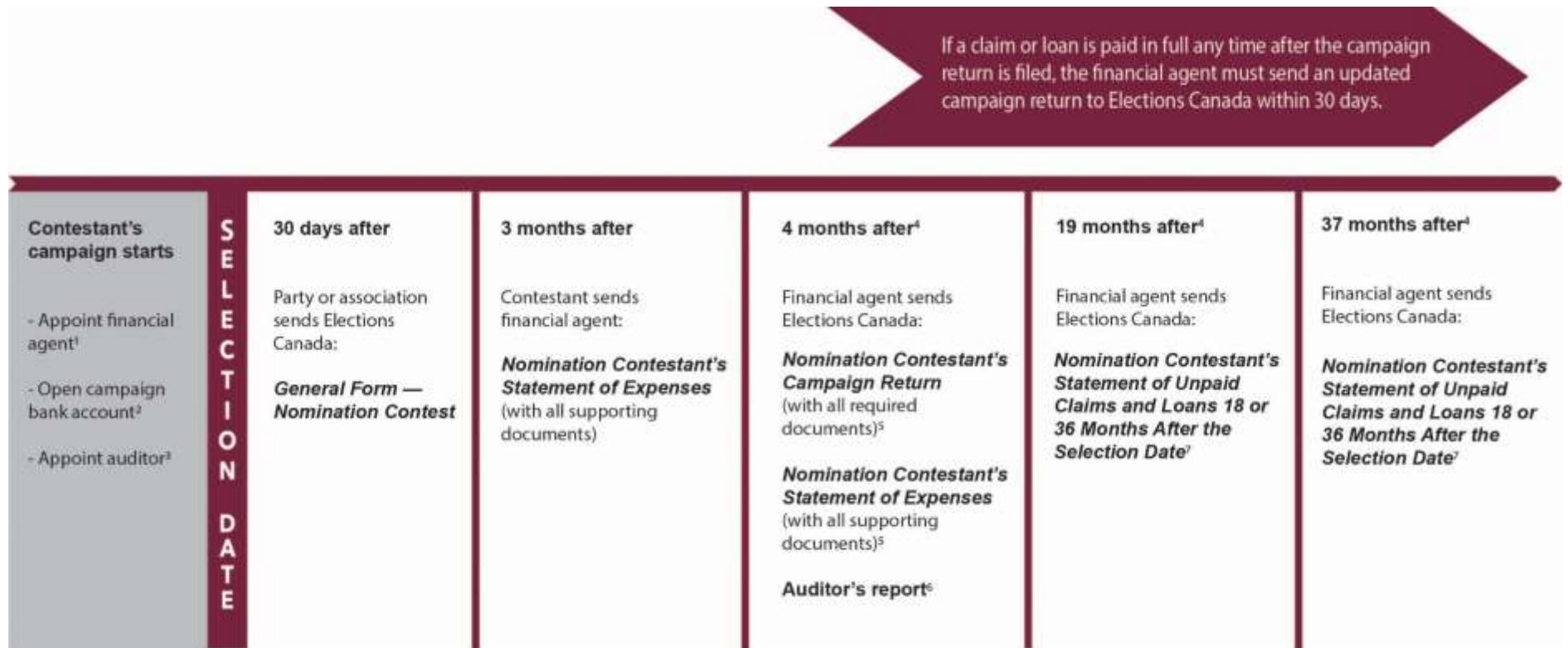
Start incurring expenses and accepting contributions, loans or transfers

The campaign can start incurring expenses and accepting contributions, loans or transfers before the start date of the nomination contest, as long as the contestant has a financial agent and a bank account.

From a political financing perspective, a person is deemed to be a nomination contestant from the date a contribution or a loan is accepted or a nomination campaign expense is incurred.

A person remains a nomination contestant until the campaign fulfills all financial reporting requirements.

Important deadlines for the nomination contestant's campaign



¹ Must be appointed before contributions, transfers or loans are accepted or nomination campaign expenses are incurred. A financial agent is not required if no contributions, transfers or loans are accepted and no nomination campaign expenses are incurred.

² Required before contributions, monetary transfers or loans are accepted or nomination campaign expenses are incurred.

³ Must be appointed without delay after the campaign accepts contributions totalling \$10,000 or more, or incurs nomination campaign expenses totalling \$10,000 or more. Note that transfers to affiliated political entities are not nomination campaign expenses.









⁴ If the selection date falls within an election period or within 30 days before it, the deadline is four months after election day rather than the selection date.

⁵ Required if the campaign accepted contributions totalling \$1,000 or more, or incurred nomination campaign expenses totalling \$1,000 or more. Note that transfers to affiliated political entities are not nomination campaign expenses.

⁶ Required if the campaign accepted contributions totalling \$10,000 or more, or incurred nomination campaign expenses totalling \$10,000 or more. Note that transfers to affiliated political entities are not nomination campaign expenses.

⁷ Required if the campaign has unpaid claims and loans.

Role and appointment process—financial agent

Nomination contestant's financial agent		
Role summary		
<ul style="list-style-type: none"> The financial agent is responsible for administering the contestant's financial transactions and reporting those transactions to Elections Canada as required by the <i>Canada Elections Act</i>. The contestant may have only one financial agent at a time. The financial agent's role continues until the contestant's campaign fulfills all financial reporting requirements. 		
Who is eligible?	Yes	No
Canadian citizen who is at least 18 years old		
Corporation or partnership		
Candidate or nomination contestant		
Election officer or member of the staff of a returning officer		
Undischarged bankrupt		
Auditor appointed as required by the <i>Canada Elections Act</i>		
Person who does not have the capacity to enter into contracts in the province or territory in which the person ordinarily resides (e.g. a person with a diminished mental capacity)		
Any other person or group not mentioned above		
Appointment process		
<ul style="list-style-type: none"> The contestant has to appoint a financial agent before the campaign can accept contributions, loans or transfers or incur nomination campaign expenses. The financial agent has to sign a statement consenting to act in that capacity. If for any reason the financial agent is no longer able to continue in that role, the contestant must appoint a new financial agent without delay and notify Elections Canada within 30 days. The notice has to include a signed consent from the new financial agent. Although it is not a legal requirement, a financial agent should be experienced in managing finances. The role requires a strong ability to control, record and administer financial transactions as well as to create financial reports. 		

Role and appointment process—auditor

Nomination contestant's auditor		
Role summary		
<ul style="list-style-type: none"> If the campaign accepts contributions totalling \$10,000 or more, or incurs nomination campaign expenses totalling \$10,000 or more, the auditor has to examine the campaign's financial records and give an opinion in a report as to whether the financial return presents fairly the information contained in the financial records on which it is based. The auditor has a right to access all documents of the campaign, and may require the contestant or the contestant's financial agent to provide any information or explanation that is necessary to enable the auditor to prepare the report. 		
Who is eligible?	Yes	No
Person who is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants (CPA designation)*	✓	
Partnership of which every partner is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants (CPA designation)*	✓	
Candidate or their official agent		✗
Election officer or member of the staff of a returning officer		✗
Chief agent of a registered party or an eligible party		✗
Registered agent of a registered party		✗
Electoral district agent of a registered association		✗
Leadership contestant, their financial agent or a leadership campaign agent		✗
Nomination contestant or their financial agent		✗
Financial agent of a registered third party		✗
Any other person or group not mentioned above		✗
Appointment process		
<ul style="list-style-type: none"> The nomination contestant has to appoint an auditor without delay after the campaign accepts contributions totalling \$10,000 or more, or incurs nomination campaign expenses totalling \$10,000 or more. Note that transfers to affiliated political entities are not nomination campaign expenses. The auditor has to sign a statement consenting to act in that capacity. If for any reason the auditor is no longer able to continue in that role, the contestant must appoint a new auditor and notify Elections Canada without delay. The notice has to include a signed consent from the new auditor. The contestant may have only one auditor at a time. 		

*Provincial and territorial auditing bodies may require auditors to meet other professional criteria in order to perform this role.

Closing the nomination contestant's campaign

Fulfill reporting obligations	<p>The nomination contestant's campaign must fulfill all reporting obligations before it can close the campaign.</p> <p>See the <i>Reporting obligations after the selection date</i> and <i>Additional reporting tables</i> in Chapter 13, Reporting.</p>
Manage unpaid claims and loans	<p>Claims and loans must be paid within 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it).</p> <p>If a claim or loan is still unpaid 36 months after the selection date (or election day, as described above), the financial agent or the contestant has to seek authorization from Elections Canada or a judge before paying it.</p> <p>See Chapter 14, Managing Unpaid Claims and Loans.</p>
File amended return(s)	<p>An amended contestant's return has to be filed with Elections Canada to correct errors or omissions, or to report new transactions.</p> <p>Corrections or revisions might be requested by Elections Canada, or by the contestant or financial agent.</p> <p>See the <i>Additional reporting table</i> in Chapter 13, Reporting.</p>
Dispose of surplus	<p>After all financial obligations have been met, the campaign must dispose of any surplus of funds and fulfill the surplus reporting obligations.</p> <p>The surplus must be transferred to the official agent of the candidate endorsed by the registered party in the same electoral district, the registered association that held the nomination contest or the registered party.</p> <p>See Chapter 15, Disposing of Surplus.</p>
Close bank account	<p>Once all unpaid claims, loans, other financial obligations and any surplus have been dealt with, the financial agent has to close the campaign bank account.</p> <p>The financial agent has to send the final bank statement to Elections Canada.</p> <p>Note: The bank account opened for the nomination contest cannot be subsequently used for a nominated candidate's election campaign.</p>

Limits on contributions, loans and loan guarantees

Limits on contributions, loans and loan guarantees		
Political entity	2019 annual limit	Limit per election called between Jan. 1 and Dec. 31, 2019
To each registered party	\$1,600*	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,600*	n/a
In total to all leadership contestants in a particular contest	\$1,600*	n/a
To each independent candidate	n/a	\$1,600*

Notes

- The contribution limits apply to total contributions, the unpaid balance of loans made during the contribution period, and the amount of any loan guarantees made during the contribution period that an individual is still liable for. The sum of these three amounts cannot at any time exceed the contribution limit.
- A nomination contestant is permitted to give an additional \$1,000 in total per contest in contributions, loans and loan guarantees to their own campaign.
- A candidate is permitted to give a total of \$5,000 in contributions, loans and loan guarantees to their campaign. A candidate is also permitted to give an additional \$1,600* in total per year in contributions, loans and loan guarantees to other candidates, registered associations and nomination contestants of each party. (This includes contributions to the registered association in the candidate's electoral district and contributions to the candidate's own nomination campaign.)
- A leadership contestant is permitted to give a total of \$25,000 in contributions, loans and loan guarantees to their campaign.
- A leadership contestant is also permitted to give an additional \$1,600* in total per year in contributions, loans and loan guarantees to other leadership contestants.

*The limits increase by \$25 on January 1 in each subsequent year.

Transfers—types and rules

This table shows the allowable monetary and non-monetary transfers between related registered political entities.

		TO									
		Nomination Contestant		Leadership Contestant		Candidate		Registered Electoral District Association		Registered Party	
		Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary
FROM	Nomination Contestant	No	No	No	No	Yes ¹	No	Yes ²	No	Yes	No
	Leadership Contestant	No	No	No	No	No	No	Yes	No	Yes	No
	Candidate	Yes ³	Yes ³	No	No	No ⁴	No ⁴	Yes	Yes	Yes	Yes
	Registered Electoral District Association	No	Yes ⁵	No	Yes ⁵	Yes ⁶	Yes	Yes	Yes	Yes	Yes
	Registered Party	No	Yes ⁵	No ⁷	Yes ⁵	Yes ⁶	Yes	Yes ⁸	Yes ⁸	n/a	n/a

¹ A nomination contestant may transfer funds (but not property or services) to a candidate of the same party in the electoral district in which the nomination contest was held. After election day, monetary transfers are allowed only to pay claims and loans related to the candidate's campaign.

² A nomination contestant can only transfer funds to the registered electoral district association that held the nomination contest.

³ Candidates may transfer property, services and funds to their own nomination contestant campaign for the same election.

⁴ Candidates in a superseded by-election may transfer property, services and funds to their campaign for the general election.

⁵ Non-monetary transfers must be offered equally to all contestants.

⁶ Monetary transfers other than trust funds are allowed. After election day, monetary transfers are allowed only to pay claims and loans related to the candidate's campaign.

⁷ Directed contributions are the only exception: they may be transferred to the leadership contestant.

⁸ Registered parties may transfer property, services and funds to electoral district associations, whether registered or not.

Note: Independent candidates may not send or accept transfers of funds, property or services to or from other political entities.

Important reminders for nomination contestants and their financial agents

	DO	DON'T
Before selection date	<ul style="list-style-type: none"> • Appoint a financial agent, who must open a bank account to be used exclusively for the campaign before any contribution, transfer or loan is accepted or any nomination campaign expense is incurred. • If contributions or nomination campaign expenses total \$10,000 or more (not including transfers to affiliated political entities), appoint an auditor without delay who is accredited under provincial law to perform accounting services (CPA designation). • Know the nomination contest expenses limit for the electoral district. It is published on the Elections Canada website in the Political Participants section. • Ensure that only the financial agent or the nomination contestant incurs nomination campaign expenses. • Issue receipts for each contribution over \$20. • For any expense of \$50 and over, keep a copy of the invoice and proof of payment. For any expense of less than \$50, keep proof of payment plus a record of the nature of the expense. 	<ul style="list-style-type: none"> • Do not allow anyone other than the financial agent or the nomination contestant to incur nomination campaign expenses. • Do not allow anyone other than the financial agent to pay nomination campaign expenses.* • Do not accept contributions: <ul style="list-style-type: none"> – from any source other than an individual who is a Canadian citizen or a permanent resident of Canada – that exceed an individual's contribution limit – in cash that exceed \$20 • Do not accept loans from any source other than a financial institution or an individual who is a Canadian citizen or a permanent resident of Canada. • Do not accept loan guarantees from any source other than an individual who is a Canadian citizen or a permanent resident of Canada. • Do not accept a loan or loan guarantee from an individual if it exceeds the individual's contribution limit.
<p>*Exceptions: A person authorized in writing by the financial agent can pay expenses out of petty cash. The nomination contestant can pay their personal expenses, travel and living expenses, and litigation expenses.</p>		

	DO	DON'T
After selection date	<ul style="list-style-type: none"> • Provide the <i>Nomination Contestant's Statement of Expenses</i> to the financial agent no later than 3 months after the selection date, even if it is a nil statement. • Submit the <i>Nomination Contestant's Campaign Return</i> and related documents within 4 months after the selection date if contributions or nomination campaign expenses total \$1,000 or more (not including transfers to affiliated political entities). If the selection date falls within an election period or within 30 days before it, the deadline is 4 months after election day. • Submit all loan, overdraft and line of credit conditions, including repayment schedules, with the nomination contestant's return. • Allow the auditor sufficient time before the submission deadline to review the financial documents and prepare the audit report (auditor's report is required if contributions or nomination campaign expenses, not including transfers to affiliated political entities, total \$10,000 or more). • Pay all claims and loans within 36 months after the selection date. After that time, an authorization from Elections Canada or a judge will be required for late payments. If the selection date falls within an election period or within 30 days before it, the deadline is 36 months after election day. • File an updated return within 30 days of paying a claim or loan in full. • Dispose of any surplus in compliance with the <i>Canada Elections Act</i> after the campaign has met all its financial obligations. Notify Elections Canada within 7 days of the disposal. • Close the campaign bank account after all financial obligations are met and any surplus is disposed of. Provide Elections Canada with the final bank statement. 	<ul style="list-style-type: none"> • Do not pay unpaid claims or loans later than 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it) without first obtaining Elections Canada's or a judge's authorization. • Do not close the campaign bank account until all financial obligations are met and any surplus has been disposed of.

2. Contributions

This chapter defines what is and is not a contribution, explains the rules for administering contributions and provides practical examples. It covers the following topics:

- What is a contribution?
- What is commercial value?
- Who can contribute to whom and how much?
- Are paid leave, volunteer labour, sponsorship or advertising contributions?
- What are the rules for contribution receipts, anonymous contributions and ineligible contributions?

What is a contribution?

A contribution is donated money (monetary contribution) or donated property or services (non-monetary contribution).

Monetary contribution	Non-monetary contribution
A monetary contribution is an amount of money provided that is not repayable. Monetary contributions include cash, cheques or money orders, credit card or debit card payments, and online payment (other than contributions of cryptocurrency).	The amount of a non-monetary contribution is the commercial value of a service (other than volunteer labour) or of property, or the use of property or money, to the extent that it is provided without charge or at less than commercial value. This includes contributions of cryptocurrency and forgone interest on loans.

What is commercial value?

Non-monetary contributions are recorded at commercial value. Commercial value, in relation to property or a service, is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service, or for the same use of property or money, by:

- the person who provided the property or service (if the person who provided it is in that business), or
- another person who provides that property or service on a commercial basis in the area (if the person who provided the property or service is not in that business)

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution amount is deemed to be nil.

Examples

1. David, who is not in the business of renting office supplies, lends the nomination contestant a projector and screen for a week. The financial agent has to determine the commercial value of this non-monetary contribution by checking with local suppliers to see how much they would charge for renting similar equipment for the same period. If that amount is greater than \$200, a non-monetary contribution must be reported. If it is \$200 or less, the contribution is deemed nil and does not have to be reported.
2. Paula, a self-employed web designer, offers to design the nomination contestant's website and does not charge for the service. This is a non-monetary contribution from Paula. The commercial value is equal to the lowest amount she normally charges for the same kind of service of similar scope.

Who can contribute?

Only individuals who are Canadian citizens or permanent residents of Canada can make a contribution to a registered party, a registered association, a candidate, a leadership contestant or a nomination contestant.

Contributions can be accepted from minors, but political entities should consider whether the person is contributing willingly and using their own property or money.

Note: Corporations, trade unions, associations and groups cannot make contributions.

Limits on contributions, loans and loan guarantees to a nomination contestant

This table displays the limits for nomination contestants. The limits for all entities are available in Chapter 1, **Reference Tables and Timelines**.

Limits on contributions, loans and loan guarantees to a nomination contestant	
Political entity	2019 annual limit
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,600*
Notes	
<ul style="list-style-type: none">• The contribution limits apply to total contributions, the unpaid balance of loans made during the contribution period, and the amount of any loan guarantees made during the contribution period that an individual is still liable for.• The sum of these three amounts cannot at any time exceed the contribution limit.	
There are some exceptions to the limits on contributions:	
<ul style="list-style-type: none">• A nomination contestant is permitted to give an additional \$1,000 in total per contest in contributions, loans and loan guarantees to their own campaign.• A candidate is permitted to give a total of \$5,000 in contributions, loans and loan guarantees to their campaign. A candidate is also permitted to give an additional \$1,600* in total per year in contributions, loans and loan guarantees to other candidates, registered associations and nomination contestants of each party. (This includes contributions to the registered association in the candidate's electoral district and contributions to the candidate's own nomination campaign.)	
*The limits will increase by \$25 on January 1 in each subsequent year.	

Examples

1. Max decides to contribute \$1,600 to the registered party he supports. In addition, he makes a \$600 contribution to the party's registered association in his riding. In the same year, he makes a \$1,000 contribution to a nomination contestant of that party in his riding. With that, Max reaches the annual limit for contributions to the registered party as well as the annual limit for contributions to any combination of candidates, registered associations and nomination contestants of the registered party. He could still make a contribution to political entities of other registered parties.
2. Clara made a \$1,600 contribution in her riding to the registered association of the party she supports. Later that year, the party holds a nomination contest in Clara's riding and she makes a \$1,600 contribution to one of the contestants. The financial agent of the contestant, however, is aware of the contribution made to the association and returns the cheque to Clara because, with the earlier contribution, she has reached her annual limit.

Note: It is important that financial agents of electoral district associations and nomination contestants, and official agents of candidates, communicate about contributions, loans and loan guarantees because the yearly contribution limit applies to the total amount of these.

3. Peter gave a \$1,600 loan to a candidate in his riding early in the year. The full amount is still outstanding on December 31. Consequently, Peter could not have made another loan, contribution or loan guarantee that year to a candidate, registered association or nomination contestant of the same party. The sum of contributions, loans and loan guarantees cannot at any time exceed the contribution limit.
4. Trudy is running as a candidate in an election and wants to contribute the maximum amount to support herself. She contributed \$2,575 to her nomination campaign in the previous year. In the current year, she contributes \$5,000 to her electoral campaign and \$1,600 to the registered association in her riding. She also contributes \$1,600 to the registered party. With this, Trudy reaches the contribution limit for her electoral campaign and the annual limit on contributions to the registered party and any combination of candidates, registered associations and nomination contestants of the registered party.

Note: These examples use the limits in effect for 2019.

Paid leave for a nomination contestant is not a contribution

An employer can give an employee a paid leave of absence during an election period to allow the person to be a nomination contestant or a candidate. The paid leave is not a contribution.

A paid leave of absence for anyone other than a nomination contestant or a candidate is a contribution.

Volunteer labour is not a contribution

What is volunteer labour?

Volunteer labour is any service provided free of charge by a person outside of their working hours, excluding a service provided by a self-employed person who normally charges for that service.

Volunteer labour is not a contribution.

Who is eligible to volunteer?

Any person can volunteer for a political entity, even if they are not a Canadian citizen or permanent resident.

But a self-employed person cannot volunteer a service they would normally charge for. That is a non-monetary contribution and not volunteer labour. The person would have to be an eligible contributor under the contribution rules and stay within their contribution limit.

People who work on-call or variable hours can volunteer for a political entity, as long as they are not self-employed in the field and their employer has not instructed them to work for the political entity while receiving standby pay or other compensation.

Volunteer labour cannot be provided by corporations, trade unions, associations or groups.

Note: To know whether a person is an employee or self-employed, ask if they receive a salary or wages, payroll deductions and a T4 slip from their employer or corporation at tax time. If they do, the person is an employee for the purpose of the *Canada Elections Act* and can volunteer in the same capacity as their line of business, outside their working hours.

Examples

1. Nana, who is employed as a teacher, offers to work for the nomination contestant's campaign in the evenings, making phone calls to party members. This is volunteer labour and therefore is not a contribution.
2. Alex, a self-employed graphic designer, offers to design a flyer for the nomination contestant free of charge. Because Alex is self-employed and normally charges for that service, the flyer design is not volunteer labour. The commercial value of the service has to be recorded as a non-monetary contribution. In this case, the commercial value is the lowest amount Alex normally charges for that service.
3. Beatrice is employed by a corporation and is paid to be on standby every weekend. During these hours, while waiting to be called by her employer, she works on the nomination contestant's communications strategy for free. This is volunteer labour. However, if the corporation had instructed Beatrice to help the campaign while being paid, the services provided would be an ineligible contribution from the corporation.

Paying volunteers for part of their work

Volunteers can be paid for part of their work, but the paid work is not volunteer labour. An agreement must be in place before the work is performed. It can specify incentive- or performance-based terms of remuneration rather than a fixed rate.

Once an agreement is in place, the campaign is liable for the related expenses. The compensation is recorded as a nomination contest expense if the work was done or the output of the work was used during the contest period. If the output was not used during the contest period, the expense is an other nomination campaign expense.

If the campaign gives monetary compensation to volunteers without a prior agreement being in place, it may be considered an inappropriate use of campaign funds that would need to be returned.

Examples

1. Sam works full-time as an administrative officer on the staff of a member of Parliament. When the member runs in a nomination contest for the next election, Sam takes an unpaid leave of absence to volunteer for the campaign. The contestant offers Sam an honorarium for the hours he will work—a fixed amount of \$1,000 for the contest period. The financial agent puts this agreement in writing at the start of the campaign, and the honorarium is a nomination contest expense that has to be reported.
2. Suzanne is being paid to manage a nomination contestant's social media accounts during the contest period. Suzanne has signed an agreement that lists the tasks she will perform and her hourly wage. Often, when she has finished her paid work, Suzanne volunteers for the campaign. This is an acceptable combination of paid and volunteer work. The expenses incurred under the agreement are nomination contest expenses that have to be reported. The volunteer labour is not reported.

Nominal gifts and thank-you parties

The nomination contestant's campaign can give each volunteer nominal gifts (but not money) up to a total value of \$200 and throw a thank-you party without this being considered compensation. The associated costs are other nomination campaign expenses and are not subject to the expenses limit.

If the campaign gives gifts to volunteers above the nominal gift threshold, it may be considered an inappropriate use of campaign funds that would need to be returned.

Example

After the contest, the campaign holds a pizza party for its volunteers. They are each given a \$50 travel bag and a \$100 gift card in appreciation of their hard work. The cost of the gifts and thank-you party is an other nomination campaign expense not subject to the expenses limit.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2019-01, *Volunteer Labour*, on the Elections Canada website.

Sponsorship or advertising at a political event is a contribution

A transaction involving the receipt of money by a political entity in exchange for advertising or promotional opportunities directed at members or supporters of the political entity is not recognized as a commercial transaction. Any money received as part of such an arrangement is to be treated as a contribution that is subject to the contribution limit and eligibility rules.

Example

The nomination contestant's campaign holds a golf tournament as a fundraiser. The campaign encourages individuals to sponsor a hole: for \$200, they can have their names printed on a small sign attached to the flag pole. The full amount paid by each individual is a contribution to the nomination contestant. The campaign does not ask corporations or unions to sponsor a hole because only individuals can make contributions.

Accepting and recording contributions

Only the financial agent can accept contributions to the nomination contestant's campaign.

Contribution	What to do
Anonymous contributions	Anonymous contributions of \$20 or less can be accepted.
Contributions over \$20 and up to \$200	The contributor's full first and last names have to be recorded (initials are not acceptable), and a contribution receipt must be issued.
Contributions over \$200	The contributor's full first and last names (initials are not acceptable) and home address have to be recorded, and a contribution receipt must be issued.
Note: When total contributions from an individual are over \$200, their name, partial address and contribution amounts disclosed in the financial return will be published on the Elections Canada website.	

This table summarizes some important points about accepting contributions and issuing receipts.

Contribution received	What to keep in mind
Cheque from a joint bank account	<ul style="list-style-type: none"> • Generally reported under the name of the individual who signed the cheque. • If the cheque is accompanied by written instructions signed by both account holders indicating how the contribution is to be allocated to the contributors, the contributions are to be reported in accordance with that agreement.
Through an online payment service	<ul style="list-style-type: none"> • An online processing fee might apply. • The full contribution amount has to be recorded as a contribution, and the processing fee has to be recorded as an expense. For example: If the campaign receives a \$500 contribution through an online payment service and the net deposit to the campaign bank account is \$490, the financial agent has to record and issue a receipt for a contribution of \$500 and record an other nomination campaign expense of \$10.
From a partnership	<ul style="list-style-type: none"> • The partnership has to provide the following information in writing: <ul style="list-style-type: none"> – names and home addresses of each contributor – the voluntary nature of each contribution – who it is intended for – the amount of each contribution • The instructions must be signed and dated by each contributor. • Each contributing partner's next draw of income from the partnership should be reduced by the amount of that partner's contribution.
From an unincorporated sole proprietor	<ul style="list-style-type: none"> • Must be recorded in the individual's name (not the business name), using the contributor's home address when an address is required.
Note: It is recommended that campaigns only accept contributions made by way of a traceable instrument.	

Accepting contributions of cryptocurrency

A contribution of cryptocurrency is non-monetary and not eligible for a tax receipt.

The contribution amount is the commercial value of the cryptocurrency at the time that it was received. There are two ways to determine the commercial value:

- If the transfer passed through a payment processor (such as BitPay) that provided an exchange rate, use that rate.
- If the transfer did not go through a payment processor or no exchange rate was provided, use a reasonable rate on a major exchange platform (such as Coinbase) at the time closest to when the transfer was sent. The valuation must be readily ascertainable and verifiable.

Political entities should set up a two-step process to identify contributors of over \$20 and record transaction information from the blockchain so that contributions can be audited.

A transaction in cryptocurrency will almost always involve a processing fee. The full amount sent by the individual is a contribution to the political entity, and the processing fee is an expense.

For contributions up to \$200, if the contributor is not in the business of selling cryptocurrencies, the contribution amount is deemed nil. But the contributor must still be eligible under the contribution rules. Over \$20, the campaign must keep a record of the contributor's name.

In all instances, campaigns should be mindful of the rules in the *Canada Elections Act* against circumventing contribution rules and watch for unusual amounts or patterns in contributions that they receive.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2018-10, *Cryptocurrencies*, on the Elections Canada website.

Issuing contribution receipts

A receipt has to be issued for each monetary contribution over \$20 or non-monetary contribution over \$20 that is not deemed nil. Only the financial agent can provide official receipts for contributions.

Note: Contributions made to the nomination contestant's campaign are not eligible for tax receipts.

It is recommended for the financial agent to use Elections Canada's Electronic Financial Return (EFR) software to issue receipts. EFR is free and can be accessed from the Elections Canada website.

Example

Clara contributed \$500 to the registered association of the party she supports. Later in the same year when the association holds a nomination contest, Clara contributes \$300 to Peter, a nomination contestant. She will receive a tax receipt for \$500 from the registered association and an official receipt (not valid for tax purposes) for \$300 from Peter's campaign.

Determining the date a contribution is made

As most contribution limits apply per calendar year, the date a contribution is made is important. It is also important for reporting purposes because this same date will be used as the “date received” in the contestant’s return.

The date a contribution is made is generally the date the contribution is in the hands of the financial agent. There are exceptions for contributions made by regular mail, by post-dated cheque and electronically.

How contribution is made	Date contribution is made
In person	The date the contribution is in the hands of the financial agent.
By regular mail	The date of the postmark on the envelope. If the postmark is not legible, the contribution is made on the date the agent receives the mail. The campaign should keep the stamped envelope as part of its records.
Post-dated cheque by any means	The date on the cheque.
Electronically (e-transfer, credit card, PayPal, etc.)	The date the contributor initiates the transaction. If the transaction is post-dated, the contribution is made on the date specified by the contributor.

Examples

1. On December 23, 2018, Lucy goes to the campaign office and gives a cheque in the amount of \$300, dated for the previous day. The financial agent deposits the cheque on January 10, 2019. The contribution is made on December 23, 2018. The financial agent issues a receipt for 2018, and the amount counts toward Lucy’s 2018 contribution limit.
2. Hassim makes an e-transfer to the nomination contestant’s campaign on December 23, 2018, but the financial agent does not process the amount until January 10, 2019. The contribution is made on December 23, 2018. The financial agent issues a receipt for 2018, and the amount counts toward Hassim’s 2018 contribution limit.
3. The financial agent receives a cheque from Janelle in the mail on January 5, 2019. The cheque is dated December 28, 2018, and the postmark on the envelope is December 30, 2018. The contribution is made on December 30, 2018. The financial agent issues a receipt for 2018, and the amount counts toward Janelle’s 2018 contribution limit.
4. The financial agent receives a cheque from Andrew and deposits it in the campaign bank account. A few days later, when checking the account online, the financial agent notices that the bank has charged the account a fee because the cheque did not have sufficient funds. No contribution has been made and the bank charge is an other nomination campaign expense. If Andrew issues a new cheque later, the contribution is made on the date associated with the new contribution.

Recording anonymous contributions

If anonymous contributions of \$20 or less are collected during an event related to the campaign, the financial agent has to record:

- a description of the function at which the contributions were collected
- the date of the function
- the approximate number of people at the function
- the total amount of anonymous contributions accepted

Anonymous contributions of \$20 or less may also be received outside the context of a particular function. In that case, the financial agent has to keep track of the total amount collected plus the number of contributors.

Example

Campaign volunteers organize a wine and cheese event one evening and invite local residents. Approximately 40 people show up. During the evening, one of the organizers passes a basket around to collect cash contributions from the attendees. She informs the guests about the contribution rules: a maximum of \$20 can be accepted from any one individual as an anonymous cash contribution. At the end of the evening there is \$326 in the basket.

The organizer remits the contributions to the financial agent after the event, along with the following details: a description and the date of the event, the approximate number of people who attended (40), and the amount collected in anonymous contributions (\$326). The financial agent records the event details, deposits the amount into the campaign bank account and reports the contributions in the campaign return.

Remitting anonymous contributions that cannot be accepted

If the financial agent receives a contribution that is:

- over \$20 and the name of the contributor is not known, or
- over \$200 and the name and address of the contributor are not known

the financial agent has to send a cheque for the amount (that is, the amount over \$20 or \$200) without delay to Elections Canada, payable to the Receiver General for Canada.

Ineligible contributions

The financial agent is responsible for ensuring that contributions are in accordance with the rules set out in the *Canada Elections Act*.

The following contributions are ineligible:

- cash contributions over \$20
- contributions from corporations, trade unions, associations and groups
- contributions that exceed the limit
- indirect contributions (no individual can make a contribution that comes from the money, property or services of another person or entity)
- contributions from a person who is not a Canadian citizen or a permanent resident
- contributions an individual makes as part of an agreement to sell goods or services, directly or indirectly, to a registered party or a candidate (for example, a nomination contestant cannot agree to buy party signs for the next election from a local dealer in exchange for a contribution)

Returning ineligible or non-compliant contributions

The financial agent must not accept a contribution that exceeds the limit and should not accept any other type of ineligible contribution.

The financial agent has to return or remit a contribution within 30 days of becoming aware that:

- it is ineligible, or
- it was received as part of a regulated fundraising event for which the publication or reporting requirements were not complied with

An ineligible or non-compliant contribution must be returned to the contributor or remitted to Elections Canada, based on whether or not it was used.

A monetary contribution is considered used if the campaign's bank account balance fell below the ineligible amount at any time after the contribution was deposited into the bank account.

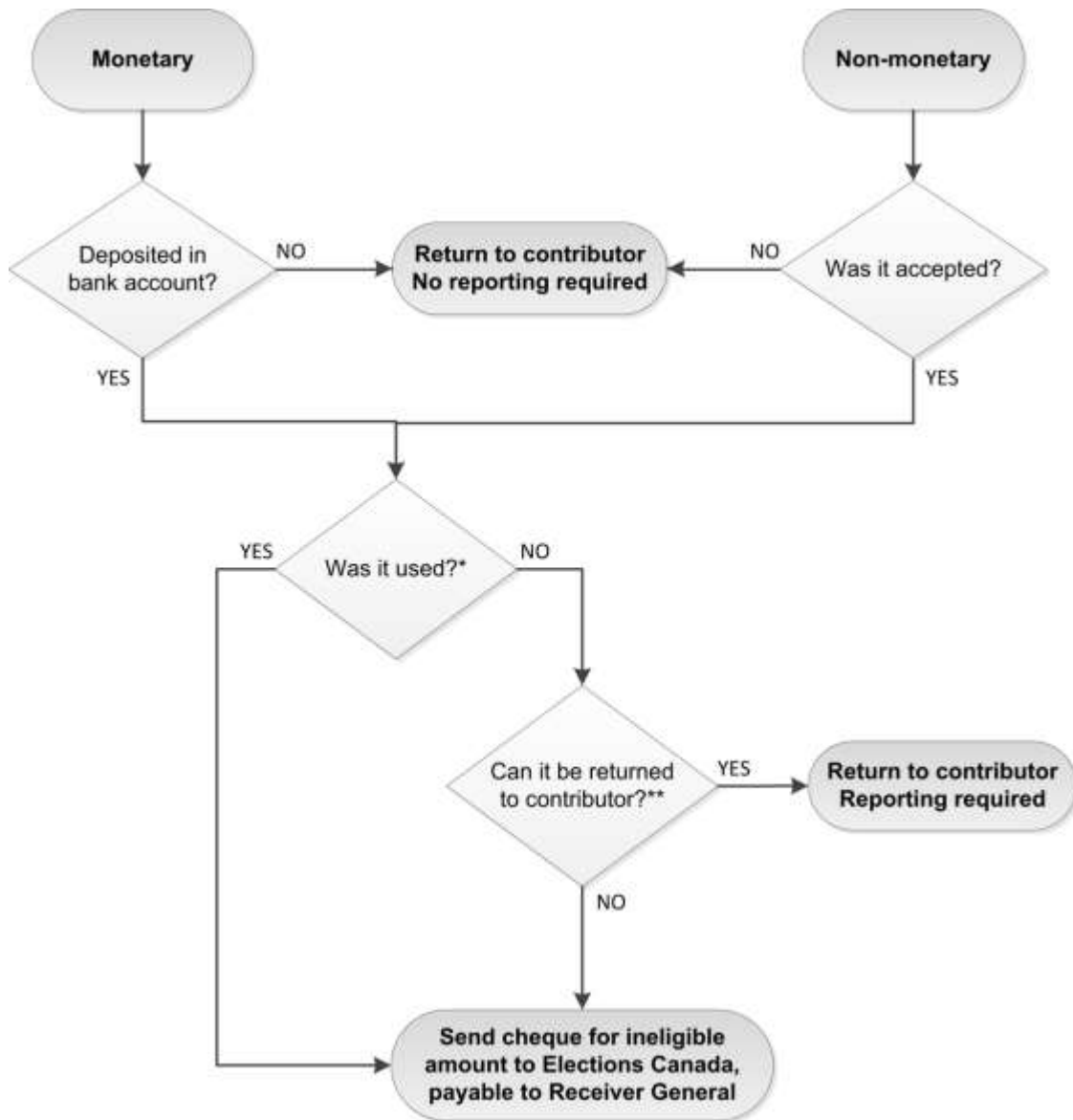
Flowchart 1 explains how to administer ineligible or non-compliant contributions in different scenarios.

Examples

1. The financial agent deposits a cheque for \$625 from a contributor. When he enters the contribution in the books, he notices that the same person has already contributed \$1,000 to the nomination contestant's campaign. Within 30 days, assuming the money has not been spent, the financial agent has to issue a cheque for the excess amount, \$25, and send it to the contributor. He records a returned contribution of \$25.
2. The financial agent receives a cheque for \$2,000 from a contributor. As this is obviously an over-contribution, the financial agent cannot deposit the cheque. She sends it back to the contributor uncashed, and no reporting is required.
3. An individual makes a non-monetary contribution to the campaign by offering the use of office equipment for a week. The financial agent later realizes that the commercial value of renting the same office equipment is \$1,700, which is higher than the contribution limit. The equipment was used during the contest period, so he sends a cheque for the excess amount of \$100 to Elections Canada, payable to the Receiver General for Canada. He records a contribution of \$1,700, a returned contribution of \$100 and a nomination contest expense of \$1,700.
4. The financial agent receives a notice from Elections Canada a couple of months after the contest period. It states that a person who contributed \$900 to both a registered association of the party and the nomination contestant exceeded the annual limit by \$200 with the contribution to the nomination contestant. Since the deposit date of the contribution, the campaign's bank account balance had fallen below the ineligible amount of \$200 and the funds were therefore used. The financial agent must remit \$200 within 30 days of becoming aware of the contravention. To obtain funds, she could organize a fundraising event or, if the nomination contestant later became a candidate, the official agent could transfer funds to the nomination contestant's campaign from the candidate's campaign. Once the money is available, the financial agent sends a cheque for the excess amount to Elections Canada, payable to the Receiver General for Canada. She records a returned contribution of \$200.

Note: These examples use the limits in effect for 2019.

Flowchart 1: Returning ineligible or non-compliant contributions



*A monetary contribution was used if the campaign bank account balance fell below the ineligible amount at any time after the contribution was deposited into the bank account.

**For example, the contributor's address is known and there are no obstacles to prevent the return.

3. Loans

This chapter discusses eligible sources of loans and how different loans and interest are reported. It covers the following topics:

- *Getting a loan*
- *Types of loans*
- *Loan interest*
- *Repaying a loan*

Getting a loan

Loans are used as a source of financing. The financial agent has to manage campaign finances properly to ensure that all loans are repaid.

Nomination contestants may receive loans from either a financial institution or an individual who is a Canadian citizen or permanent resident. Loans from any other person or entity are not permitted.

A written loan agreement must accompany all loans.

Loans from financial institutions

There is no limit to the amount a campaign can borrow from a financial institution. Note however that if the financial institution requires a loan guarantee, only individuals who are Canadian citizens or permanent residents can guarantee the loan. The amount an individual guarantees is subject to the individual's contribution limit.

Note: A financial institution must charge a fair market rate of interest on loans made to nomination contestants. Any forgone interest resulting from the financial institution charging a lower interest rate would constitute a non-monetary contribution from an ineligible contributor.

Example

The campaign is planning to borrow \$16,000 and the bank requires a guarantor for the loan. Because guarantees from individuals are subject to the contribution limit, the campaign needs at least 10 individuals to guarantee the requested amount. Each guarantor is limited to guaranteeing \$1,600 of the total loan amount.

Note: This example uses the limits in effect for 2019.

Loans from individuals

If an individual obtains a personal loan from a financial institution and lends those funds to a campaign, the lender is the individual and not the financial institution. The loan amount would be subject to the individual's contribution limit.

An individual can lend money to a campaign as long as the total of the individual's contributions, the unpaid balance of loans made that year and the amount of any outstanding loan guarantees made that year does not at any time exceed the contribution limit in the calendar year that the loan was made.

Note: An individual cannot use the money, property or services of another person or entity to make a loan to a nomination contestant, if the other person or entity provided those resources to make the loan possible.

Example

Khaled made a \$600 contribution to Christine's nomination campaign. In addition, he takes out a \$1,000 personal loan from his bank and lends it to the campaign. With that, Khaled has reached the annual limit for contributions to any combination of candidates, registered associations and nomination contestants of the registered party.

Note: This example uses the limits in effect for 2019.

Types of loans

Term loan

A term loan is repaid in regular payments over a set period. It may be either a fixed rate loan, allowing the borrower to lock in at a specific interest rate, or it may be a variable rate loan, where the interest rate fluctuates over time.

Demand loan

A demand loan is a loan with no specific payment deadline. It is due whenever the lender demands to be repaid. It is recommended that the written loan agreement for a demand loan include a maximum term for the repayment.

Overdraft protection and line of credit

When a campaign uses overdraft protection or a line of credit, it is reported as a loan. If the financial institution requires a guarantee, only individuals who are Canadian citizens or permanent residents can guarantee the overdraft or line of credit. The amount an individual guarantees is subject to the individual's contribution limit.

For an overdraft or line of credit, the financial agent has to report the following information:

- the amount of the loan
- the name and address of the financial institution
- the interest rate charged
- the full name and address of any guarantors and the amounts they have guaranteed
- for a line of credit where funds were transferred into the bank account before being used, the dates and amounts of any payments of principal and interest
- the unpaid balance at the end of each calendar year and as of the date of the return

The amount of the loan is calculated as follows:

- for an overdraft, it is the maximum amount overdrawn
- for a line of credit where funds were transferred into the bank account before being used, it is the sum of all transfers to the bank account
- for a line of credit where funds were paid directly to the supplier, it is the maximum amount drawn (and this is reported as an overdraft rather than a line of credit)

Example

The campaign bank account has overdraft protection of \$1,000. The account goes into overdraft by \$200 and the financial agent pays back \$100 within the same day. Later on that day, the financial agent withdraws another \$400 from the same account, bringing the highest amount overdrawn during the contest period to \$500. The overdraft amount to be reported is \$500. The financial agent has to report this amount in the **Statement of operating loans** section of the contestant's return.

Loan interest

Interest incurred on loans is a nomination campaign expense, whether it is paid or accrued.

Interest incurred during the contest period is a nomination contest expense, while interest incurred before or after the contest period is an other nomination campaign expense.

If the interest rate on a loan from an individual is lower than the market interest rate, the financial agent will need to record the forgone interest as a non-monetary contribution from the individual.

Note: If the loan is from an individual who is not in the business of lending money and the forgone interest on the loan is \$200 or less, the non-monetary contribution is deemed to be nil.

Repaying a loan

Loan repayments may be made any time up to 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it). Authorization is not required from Elections Canada or a judge before making these payments.

See Chapter 14, **Managing Unpaid Claims and Loans**.

Note: Loan repayments have to be reported for all types of loans except overdraft protection and lines of credit used to pay suppliers directly.

4. Transfers

This chapter explains the rules and procedures for accepting and sending transfers. It covers the following topics:

- What is a transfer?
- Transfers sent to the nomination contestant
- Transfers sent by the nomination contestant

What is a transfer?

A transfer is a provision of funds, property or services between specified political entities of the same political affiliation. Where specifically permitted under the *Canada Elections Act*, a transfer is not considered to be a contribution, and contribution rules therefore do not apply.

Monetary transfer	Non-monetary transfer
A monetary transfer is a transfer of funds.	A non-monetary transfer is a transfer of property or services. The amount of a non-monetary transfer is the commercial value of the property or service. Unlike non-monetary contributions, a non-monetary transfer has to be reported even if its commercial value is \$200 or less.

Transfers are permitted only between related political entities (registered party, electoral district association, candidate and leadership or nomination contestant) of the same political affiliation.

However, not all types of entities are authorized to provide all types of transfers. For a quick reference guide to eligible and ineligible transfers, see the *Transfers—types and rules* table in Chapter 1, **Reference Tables and Timelines**.

Note: If an invoice requiring payment is prepared by one political entity and sent to its related political entity, together with the original supplier invoice representing the commercial value of the goods or services provided, this is not a transfer but a sale of goods or services from one entity to another.

Transfers sent to the nomination contestant's campaign

Only the financial agent can accept transfers on the campaign's behalf. The following transfers may be accepted by the nomination contestant's campaign:

- property or services from the registered party or from any registered association of the registered party, as long as it is offered equally to all contestants
- property, services or funds from a candidate to themselves in their capacity as a nomination contestant in respect of the same election

Example

The registered association creates a web page on its site for each nomination contestant for use during the contest period. The commercial value of creating the web pages is \$150 per contestant. The association sends each contestant a copy of the original supplier invoice for \$150 and reports a non-monetary transfer of \$150 to each contestant. Each contestant reports a non-monetary transfer from the registered association and a nomination contest expense of \$150.

Note: Transfers may not be accepted from provincial parties or provincial electoral district associations. Transfers from a registered provincial division of a federal registered party are considered transfers from the registered party.

Transfers sent by the nomination contestant's campaign

Only the financial agent can send transfers on the campaign's behalf.

The following transfers may be sent by the nomination contestant's campaign:

- funds to a candidate of the same party in the electoral district in which the nomination contest was held (after election day, this is allowed only to pay claims and loans related to the candidate's campaign)
- funds to the registered association that held the nomination contest
- funds to the registered party

Example

Clara won a nomination contest and has started her election campaign. Clara's financial agent from the nomination campaign transfers \$3,000 to the official agent for her election campaign to help with early expenses.

5. Other Cash Inflows

This chapter explains how to report cash inflows to the campaign bank account other than contributions, loans and transfers. It covers the following topics:

- *Non-contribution portion of fundraising revenues*
- *Bank interest*
- *Refunds from suppliers*
- *Returned portion of advances*
- *Proceeds from the sale of assets*

Note: All monies flowing through the campaign bank account have to be reported.

Inflow type	Description	Example
Non-contribution portion of fundraising revenues	<p>The inflows for fundraising activities such as ticketed events, auctions and the sale of branded goods often consist of two parts:</p> <ul style="list-style-type: none"> • the contribution portion, and • the other inflow, which is the difference between the selling price and the contribution 	<p>John Smith holds a ticketed fundraiser in support of his campaign. The ticket price for the fundraiser is \$200, and the fair market value of the benefit received is \$75. The contribution made by each ticket purchaser is \$125.</p> <p>The amount to be recorded as other inflow is the fair market value of the benefit received—that is, \$75.</p>
Bank interest	Interest earned on the campaign bank account is other inflow.	At the end of the month, the bank deposits \$1.50 of interest into the campaign bank account. The financial agent has to record this amount as other inflow.
Refunds from suppliers	<p>If a refund is received from suppliers, the refunded amount is other inflow.</p> <p>The refunded amount may also need to be offset from the original nomination contest expense or other expense, and classified as an amount not included in nomination contest expenses since it is not an expense subject to the limit.</p>	<p>The financial agent purchases 20 reams of paper for use in the campaign office, at a total cost of \$60. Near the end of the campaign, the financial agent returns 5 unused reams of paper and receives a \$15 refund from the supplier. The financial agent has to record this amount as other inflow.</p> <p>The \$15 is also offset from the original expense in the expenses section and classified as an amount not included in nomination contest expenses.</p>

Inflow type	Description	Example
Returned portion of advances	<p>If the campaign advanced funds for petty cash, travel or other expenses, the unused returned portions are other inflows.</p>	<p>The financial agent gives \$200 to an authorized person for travel expenses. At the end of the campaign, there is \$50 left over and the financial agent deposits this amount into the campaign bank account. The financial agent records the \$50 as other inflow.</p>
Proceeds from the sale of assets	<p>If the campaign sells any of its assets, the amount received is other inflow.</p> <p>The sale proceeds do not reduce the commercial value of the asset, which is the lower of the purchase price or the cost to rent a similar asset.</p>	<p>At the beginning of the campaign, the financial agent purchases two brand new computers, at a cost of \$2,000. After the selection date, the financial agent sells the two computers for the amount of \$1,500. This amount is recorded as other inflow.</p>

6. Fundraising

This chapter explains what portion of an amount given during a fundraising activity is a contribution and clarifies when fundraising expenses are nomination contest expenses. It covers the following topics:

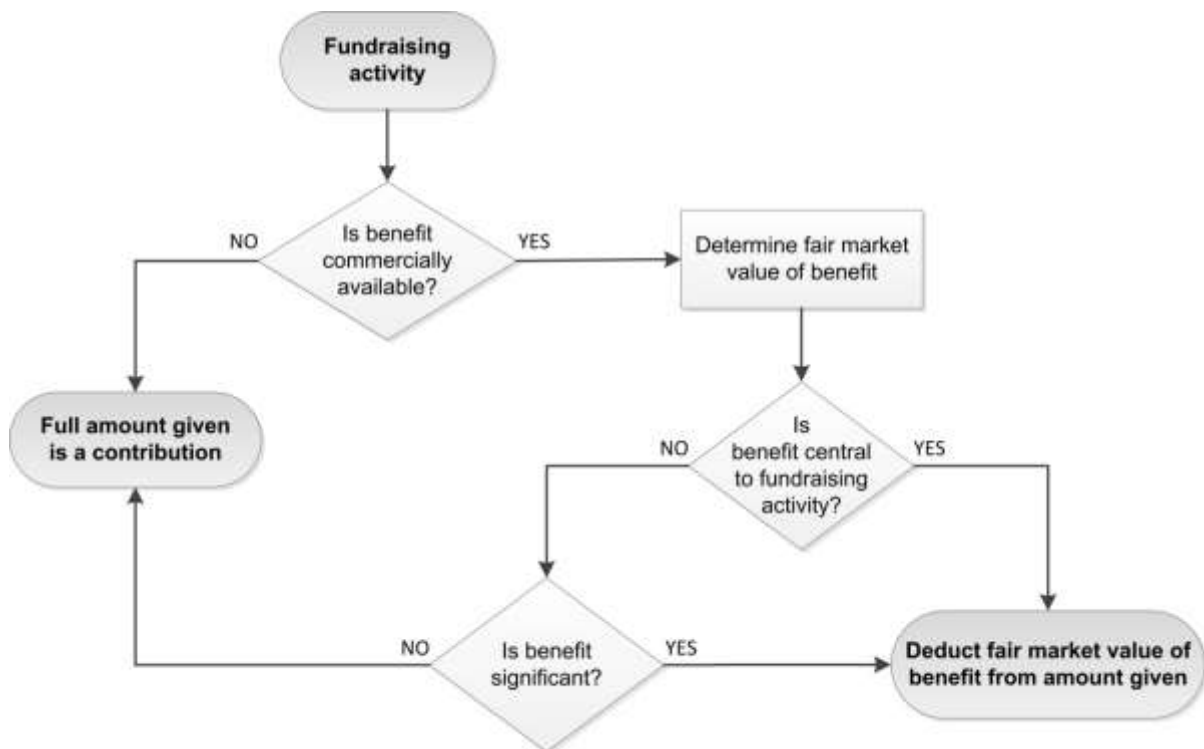
- Determining the contribution amount when contributors receive a benefit
- Fundraising expenses
- Regulated fundraising events
- Typical fundraising activities (sale of branded goods, auctions, ticketed events, non-ticketed events and draws)

Determining the contribution amount when contributors receive a benefit

As part of fundraising, a nomination contestant's campaign might provide a benefit (T-shirt, dinner, etc.) to a contributor in exchange for a contribution. It is important to determine what portion of the money given is a contribution.

Flowchart 2 shows the basic rules for making that calculation.

Flowchart 2: Basic rules for determining the contribution amount



Note: Terms used in the flowchart are explained in the sections below.

What is a benefit's fair market value?

The fair market value of a benefit is generally the amount the nomination contestant's campaign paid a commercial provider for the property or service (that is, the retail price). This value may need to be deducted from the amount given by a contributor to arrive at the contribution amount.

If a benefit is not commercially available, such as access to a party leader, it has no fair market value. Nothing is deducted to arrive at the contribution amount.

When is a benefit central?

A benefit is central to a fundraising activity when it is a focal point of the activity. For example, items sold at an auction or branded goods sold in an online store are central to those fundraising activities.

The fair market value of benefits central to a fundraising activity is deducted from the amount given by a contributor to arrive at the contribution amount.

When is a benefit significant?

A benefit is considered significant when its fair market value exceeds 10% of the amount given or \$75, whichever is less. This is called the *de minimis* threshold. When a benefit is significant, its value is deducted from the amount given by a contributor to arrive at the contribution amount.

If the contributor receives multiple small benefits, their values are added together to determine whether the overall benefit is significant in relation to the full amount given.

The *de minimis* threshold does not apply to cash or near-cash benefits, such as gift certificates, nor to items that are central to a fundraising event, such as the meal at a ticketed fundraising dinner. These are always deducted as part of the benefit.

Note: The *de minimis* threshold of 10% of the amount given or \$75 is aligned with the threshold used by the Canada Revenue Agency to determine the eligible amount and the amount of an advantage for both political and charitable contributions.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2016-01, *Fundraising*, on the Elections Canada website.

Examples

1. The nomination contestant's campaign rents a curling rink as a fundraiser and charges individuals \$100 to play. The prorated cost per individual, based on expected attendance, is \$10. Since the curling rink is central to the fundraising activity, \$10 is deducted from the amount given and the contribution is \$90. This is true even though the fair market value does not exceed 10% of the amount given or \$75.
2. In exchange for making a \$20 contribution, contributors receive a box of chocolates. The cost of the chocolates was \$5. Since the value of the chocolates exceeds 10% of the amount given, \$5 is deducted from the amount given and the contribution is \$15. This is true even though the chocolates are not central to the fundraising activity.
3. Contributors who make a \$100 contribution receive a keychain with the nomination contestant's name. The cost of the keychain was \$5. Since the keychain is not central to the fundraising activity and its value does not exceed 10% of the amount given or \$75, nothing is deducted from the amount given and the contribution is \$100.

Fundraising expenses

Expenses reasonably incurred for property or services used during the contest period are nomination contest expenses. When it comes to fundraising, some expenses are exceptions to that rule:

- contribution processing fees
- expenses for a fundraising activity, other than promotional expenses

The term “processing fees” means the expenses for processing contributions, which may include bank charges, credit card processing fees, fees for other payment services (such as PayPal), salaries of fundraising staff and salaries for data entry when contributions are received.

While the above expenses related to a fundraising activity are not nomination contest expenses, any expense related to promoting the fundraising activity is. Examples include:

- producing and distributing invitations to a ticketed fundraiser
- procuring and distributing promotional items, such as pens or T-shirts
- producing and mailing a letter or pamphlet that solicits contributions
- producing and using a script for telephone calls that solicit contributions

Activities not directly linked to soliciting contributions

Expenses incurred by the nomination contestant’s campaign for activities conducted during a contest period that are not directly linked to soliciting contributions are also nomination contest expenses. In these cases, incurring an expense and accepting a contribution are separate transactions.

Examples of such activities include:

- non-ticketed events held to promote a nomination contestant, where contributions are also solicited
- door-to-door promotion of a nomination contestant, where contributions are also solicited (in this case, salaries or other amounts paid to canvassers are nomination contest expenses)
- contacting electors by phone or by other means to promote a nomination contestant, where contributions are also solicited (in this case, salaries paid to staff are nomination contest expenses)

Regulated fundraising events

What is a regulated fundraising event?

A regulated fundraising event is an event that:

- is organized to financially benefit a registered party with a seat in the House of Commons (or, during a general election, a party that had a seat on dissolution) or one of its affiliated entities
- is attended by one of these prominent people: the party leader, the interim leader, a leadership contestant or a federal Cabinet minister (minister of the Crown or minister of state)
- at least one person had to pay or contribute over \$200 to attend or to have another person attend

Note: Leadership contestants continue to be contestants and prominent attendees after the contest period, until they have fulfilled all their reporting obligations. Ministers also continue to be prominent attendees during an election.

It excludes the following events:

- a leadership debate
- a party or leadership convention
- a donor appreciation event at a party or leadership convention
- an event where at least one person paid over \$200 to attend but no part of the payment was a contribution

Flowchart 3 can be used to check whether a fundraising event is regulated.

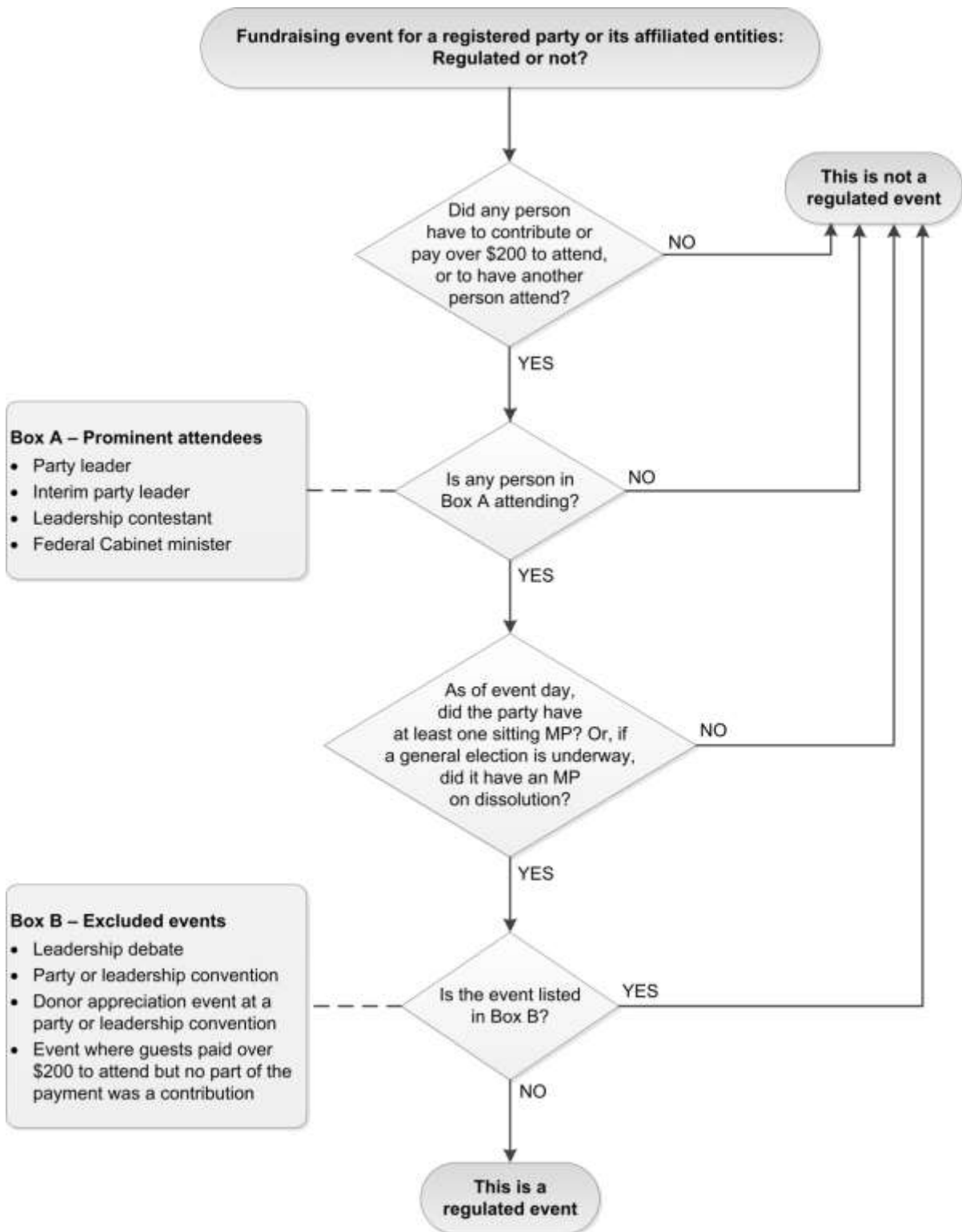
Note: Fundraising events organized after an election or a contest for the benefit of a candidate or a contestant continue to fall under these rules. People continue to be candidates or contestants until they have fulfilled all their reporting obligations.

Any person can attend an event, even if they are not a Canadian citizen or permanent resident, as long as they did not make a contribution in order to attend. For example, an eligible contributor can pay to bring a foreign guest.

Examples

1. Barbara paid the \$250 ticket price to attend a wine and cheese organized to benefit a nomination contestant. The guest of honour is a federal Cabinet minister who supports the contestant. This is a regulated fundraising event. Even though Barbara's contribution is only \$190 after the benefit is deducted, the event is still regulated because the ticket price was over \$200 and part of the payment was a contribution.
2. Mehdi paid the \$225 entrance fee to play in a baseball tournament organized to benefit a nomination contestant. The contestant is attending but there will be no prominent attendees from the party. This is not a regulated fundraising event.
3. The nomination contestant's campaign sells tickets to its fundraising dinner with the party leader for \$150 each. Jim buys a table of tickets for \$1,200 and brings his family. Even though he paid more than \$200 total for himself and his guests, no single person was required to pay over \$200 to attend. This is not a regulated fundraising event. This event would be regulated if a person had to buy a whole table.

Flowchart 3: Regulated fundraising events



Nomination contestant's role in providing information about a regulated fundraising event

When a fundraising event is regulated, the registered party has to follow certain disclosure rules to avoid forfeiting contributions received as part of the event.

If the nomination contestant's campaign was involved in the event, it may need to provide the party with information so that the party can follow the disclosure rules.

<p>If all or part of the event was organized by the registered party</p>	<p>The nomination contestant's campaign has no official role to play in providing information to the party.</p>
<p>If all of the event was organized by the nomination contestant's campaign or other persons or entities</p>	<p>The nomination contestant's campaign and other organizers have to give the party the information it needs to follow the disclosure rules. See details in the next section.</p> <p>Information must be provided far enough in advance of the disclosure deadline that the party has time to publish or report on it.</p> <p>Note: If an event was organized by more than one nomination campaign, they should coordinate sending information to the party.</p>

Information to provide outside and during a general election

The registered party needs information at different times, based on whether a regulated fundraising event is held outside or during a general election.

What to send the party for events held outside a general election	
Before the fundraising event	After the fundraising event
<p>Provide this information so that the party can publish an event notice 5 days before the event:</p> <ul style="list-style-type: none"> • event date, time and location • name of each entity or person that the event is organized to financially benefit • name of each prominent attendee whose attendance makes the event a regulated event (e.g. party leader) • required amount of contribution or payment to attend • individual to contact for more information about the event <p>Note: Five days' notice means that if an event is held on a Saturday, the latest day to give notice is Monday of that week.</p>	<p>Provide this information so that the party can submit a report to Elections Canada within 30 days after the event:</p> <ul style="list-style-type: none"> • same information required in an event notice (excluding the individual to contact for event information) • name of each person or entity that organized the event or part of it • name, municipality, province or territory, and postal code of attendees aged 18 or older (some exceptions apply*)

What to send the party for events held during a general election

Before the fundraising event	After the fundraising event
No information is required	<p>Provide this information for each event held during the election period so that the party can submit a single report to Elections Canada within 60 days after election day:</p> <ul style="list-style-type: none">• event date, time and location• name of each entity or person that the event was organized to financially benefit• name of each prominent attendee whose attendance made the event a regulated event (e.g. party leader)• required amount of contribution or payment to attend• name of each person or entity that organized the event or part of it• name, municipality, province or territory, and postal code of attendees aged 18 or older (some exceptions apply*)

*In addition to minors, attendees are not listed in the reports if they attended solely for the following purposes:

- to assist someone with a disability
- as an employee involved in organizing the event
- as part of a media organization or as a freelance journalist
- as a member of security or support staff for the prominent attendee who led to the event being a regulated event
- to provide volunteer labour

Note: If the nomination contestant's campaign is aware of changes to the information it provided, it must notify the party as soon as possible so that the event notice or report can be updated.

Returning contributions for non-compliance with disclosure rules

If the disclosure rules are not followed, the political entity that received monetary or non-monetary contributions as part of the regulated fundraising event must return them to the contributor or remit their amount to Elections Canada.

Any of these circumstances may require contributions to be returned:

- outside a general election, the registered party fails to publish an event notice or notify Elections Canada about the event five days before it is held
- the registered party fails to submit a report by the deadline or extended deadline, or includes the name or address of a person excepted from the list of attendees (for example, a minor)
- an organizer fails to give the registered party information about an event in time for the party to publish an event notice or submit a report, or provides the name or address of a person excepted from the list of attendees (for example, a minor)
- an organizer fails to notify the registered party of changes to the information it provided
- the registered party fails to update an event notice on its website or a report to Elections Canada when it becomes aware of changes to the information

See **Returning ineligible or non-compliant contributions** in Chapter 2, **Contributions**, for more information on the process that needs to be followed when returning contributions.

Typical fundraising activities

This section explains how to manage various fundraising activities.

Sale of branded goods

Nomination contestants may sell branded goods in an effort to promote themselves and, in some cases, generate contribution revenue.

Contributions

When a branded good is sold for more than its fair market value (that is, more than the amount the campaign paid a commercial provider for the item), the purchaser is making a political contribution. The *de minimis* threshold does not apply in this case because the branded good is central to the fundraising activity. (See **When is a benefit central?** above.) Therefore, regardless of the value of the goods that are sold, the contribution amount is always the sale price less the fair market value of the item purchased.

Because campaigns only need to issue receipts for contributions over \$20, the sale of a branded good will require a receipt under the *Canada Elections Act* only when the sale price less the fair market value exceeds \$20. If a purchaser buys multiple items, each unit sold is treated as a separate contribution from a separate contributor. The total amount of contributions of \$20 or less and the total number of contributors are then reported under anonymous contributions of \$20 or less.

Examples

1. To raise funds, the campaign sells T-shirts with the contestant's name for \$25. The T-shirts were purchased from a supplier for \$10 each, so the contribution generated by each T-shirt is \$15 (\$25 – \$10). An individual who supports the campaign buys two T-shirts. The financial agent reports two anonymous contributions of \$15. No receipt is required.
2. The campaign sells laptop bags with the contestant's name for \$75. The bags were purchased from a supplier for \$50 each, so the contribution generated by each laptop bag is \$25 (\$75 – \$50). An individual who supports the nomination contestant buys a laptop bag at a meet and greet. The salesperson records the contributor's name and purchase amount. The financial agent later records the contribution and issues a receipt for \$25.

Expenses

The expenses incurred to produce and distribute branded goods (in other words, promotional materials) that are distributed during a contest period are nomination contest expenses.

Auctions

Campaigns may choose to raise funds through auctions, where property or services are sold to the highest bidder. An auction may lead to contributions from both the donor of the property or service that is auctioned and the winning bidder.

Donor's contribution

If the auctioned property or service is donated, its commercial value is a non-monetary contribution.

Note: If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in the business of providing that property or service, the contribution amount is deemed to be nil.

Purchaser's contribution

An individual who buys an auctioned property or service makes a contribution if the bid amount exceeds the fair market value of the property or service. The fair market value is generally the amount that would be paid for the property or service in a commercial market.

Even if the fair market value of the item is \$200 or less, its value is still deducted from the bid amount to arrive at the contribution amount. The *de minimis* threshold does not apply in this case because the sale of the property or service is the fundraising activity. (See **When is a benefit central?** above.) Therefore, regardless of the value of the auctioned property or service, the contribution amount is always the winning bid amount less the fair market value of the item.

However, if the auctioned property or service is not available on a commercial basis, the entire amount of the winning bid is a contribution under the *Canada Elections Act*. Note that under Canada Revenue Agency rules, this type of contribution is not eligible for a tax receipt because the value of the advantage cannot be determined. While a nomination contestant's campaign cannot issue tax receipts in any case, this is useful to note for agents who later work on the candidate's campaign.

Expenses

In most cases, when an auction is held during a contest period, expenses incurred by the contestant to purchase property or services that will be auctioned are not nomination contest expenses, because fundraising expenses are excluded from that definition. However, because expenses for producing and distributing promotional materials are specifically included, if any of the auctioned items promote a nomination contestant (such as branded goods), the expenses incurred are nomination contest expenses.

Examples

1. An individual donated a painting to a nomination contestant's campaign for sale at an auction organized to raise funds for the campaign. A local art dealer appraised the painting at \$450. During the auction, the winning bid for the painting was \$600.

The contribution amounts are as follows:

- The donor of the painting made a \$450 non-monetary contribution to the nomination contestant.
- The winning bidder made a monetary contribution equal to the amount paid less the fair market value of the painting: $\$600 - \$450 = \$150$.

In addition, \$450 (the painting's commercial value) is a nomination campaign expense not subject to the nomination contest expenses limit.

2. An individual (who is not in the business of selling office furniture) donated an office chair to the nomination contestant's campaign for sale at an auction organized to raise funds for the campaign. The chair retails for \$150. During the auction, the winning bid for the chair was \$250.

The contribution amounts are as follows:

- The donor of the chair made a non-monetary contribution to the nomination contestant that is deemed to be nil (since the commercial value is \$200 or less, and the chair was provided by an individual not in the business of selling chairs).
- The winning bidder made a monetary contribution equal to the amount paid less the fair market value of the chair: $\$250 - \$150 = \$100$.

Ticketed fundraising events

When a fundraising event such as a dinner or a golf tournament is held for the primary purpose of soliciting monetary contributions through ticket sales (including events with an entrance fee), the amount of a ticket purchaser's monetary contribution is the ticket price less the fair market value of the benefit that the bearer is entitled to receive. The *de minimis* threshold may apply to benefits that are not central to the event. (See **When is a benefit significant?** above.)

Note: A ticketed event will sometimes be held for promotional purposes rather than to raise funds. If the campaign anticipates its event expenses will be higher than ticket revenue, see the **Other ticketed events** section below for information on calculating the benefit and reporting expenses.

Benefit received

In the case of a ticketed fundraising dinner, the benefit received by each ticket purchaser includes the following:

- if the event is held in a rented venue, the cost of the room rental and catering (prorated)
- if the event is held in a restaurant, the amount the restaurant would normally charge for the meal
- if the event is held in a private venue, the fair market value of the meal; no value is attributed to the use of an individual's private residence
- door prizes (prorated) (*de minimis* threshold may apply)
- complimentary items such as pens or key chains (*de minimis* threshold may apply)
- rental of audiovisual equipment and other general expenses (prorated)

In the case of a ticketed golf tournament, the benefit received by each ticket purchaser includes the following:

- green fee (excluded for golf club members whose green fees are already paid)
- cart rental
- meal
- complimentary items (*de minimis* threshold may apply)
- door and achievement prizes (prorated) (*de minimis* threshold may apply)

In both cases, the fair market value of producing and distributing materials promoting the event, including ticket printing, is not included in the benefit received because attendees do not gain from such activities.

Note: Be sure to **exclude** sales taxes and gratuities from the cost of food and beverages when calculating the benefit received at a ticketed fundraiser. This aligns with the Canada Revenue Agency's guidance.

Calculation based on expected attendance

The fair market value of the benefit is prorated based on the expected rather than the actual number of attendees. For example, an individual will receive the same dinner in the same venue regardless of the actual number who attend.

This fixed value is important in terms of contribution limits: it is necessary to determine the amount of the ticket purchaser's contribution in advance of the event so that individuals do not unknowingly exceed their limit.

Note: The expected number of attendees used in the calculation has to be reasonably supported by evidence (size of room rented, number of meals ordered, etc.).

Expenses

When a ticketed fundraising event is held during a contest period, most expenses incurred by the contestant are not nomination contest expenses because fundraising expenses are excluded from that definition. However, because expenses for producing and distributing promotional materials are specifically included, any such expenses incurred before or during the fundraising event are nomination contest expenses.

This includes expenses for promoting the event, printing tickets, and producing and distributing promotional items.

Examples

1. The nomination contestant's campaign holds a ticketed fundraising dinner in a rented venue. Fifty attendees are expected, and tickets are sold at \$150 each. The event includes dinner, entertainment, a pen with a logo for each attendee, and hockey tickets as a door prize. The campaign incurs the following expenses:
 - room rental: \$500 ($\$500 / 50 = \10 per attendee)
 - catering, excluding sales taxes and gratuities: \$1,500 ($\$1,500 / 50 = \30 per attendee)
 - live band and audio equipment: \$400 ($\$400 / 50 = \8 per attendee)
 - hockey tickets: \$400 ($\$400 / 50 = \8 per attendee)
 - pen with logo: \$10

The contribution amount for each ticket purchaser is determined as follows:

Ticket price	\$150
Less:	
Room rental	\$10
Catering	\$30
Band and audio	\$8
Hockey tickets*	\$8
Cost of pen with logo*	\$10
Contribution amount	\$84

*In this case, the total value of benefits received that are not central to the fundraising dinner (the hockey tickets and pen) exceeds 10% of the amount given ($\$18 / \$150 = 12\%$). Therefore, the benefit is considered significant and the *de minimis* threshold does not apply. The fair market value of these benefits is deducted from the ticket price.

2. A golf tournament is held during the contest period to raise funds for the nomination contestant. Participants are charged \$300, and 100 individuals are expected to attend. The campaign incurs the following expenses:

- green fees: \$5,000 ($\$5,000 / 100 = \50 per participant)
- cart rental: \$4,000 ($\$4,000 / 100 = \40 per participant)
- golf shirt with party logo: \$15
- door and achievement prizes: \$300 ($\$300 / 100 = \3 per participant)
- mailing promoting the event: \$800

The contribution amount for each participant is determined as follows:

Participation fee	\$300
Less:	
Green fee*	\$50
Cart rental	\$40
Golf shirt**	—
Prizes**	—
Contribution amount	\$210

*If a participant is a golf club member and would not be charged a green fee, the cost of that benefit is not deducted from the participation fee. The contribution amount is \$260.

**In this case, the total value of benefits received that are not central to the golf tournament (the golf shirt and prizes) does not exceed 10% of the amount given ($\$18 / \$300 = 6\%$) or \$75. Therefore, the benefit is not considered significant and the *de minimis* threshold applies. The fair market value of these benefits is not deducted from the participation fee.

The \$800 promotional expense is a nomination contest expense of the candidate, and the balance of the expense for the event is a nomination campaign expense not subject to the nomination contest expenses limit.

Note: If participants are given the opportunity to sponsor a hole at a golf tournament, rules and restrictions apply. See **Sponsorship or advertising at a political event is a contribution** in Chapter 2, **Contributions**.

Other ticketed events

A ticketed event will sometimes be held for promotional purposes rather than to raise funds. The nomination contestant's campaign anticipates that its event expenses will be higher than ticket revenues—it charges a ticket price or entrance fee simply to offset some of the costs.

For these events, the contribution amount is the difference between the amount paid by the individual and the commercial value of any tangible benefits received.

Tangible benefits include such things as meals, drinks and gifts directly received by the attendee. The general expenses incurred by the campaign in holding the event, such as room or audiovisual equipment rental, would not be deducted from the ticket price.

Expenses

When a nomination contestant's campaign holds this type of event during a contest period, the expenses incurred are nomination contest expenses because they relate to producing and distributing promotional materials. They are not directly linked to accepting contributions.

Note: Ticketed events held for promotional purposes may still be regulated fundraising events, even if fundraising is not their primary purpose. See the **Regulated fundraising events** section above.

Non-ticketed events

Campaigns may hold an event for which no tickets are sold (and no entrance fee is charged at the door), but where contributions are solicited and received. In this case, the amount of an attendee's contribution is not reduced by the value of any benefit received (for example, food or drink) because attendees would have received the benefit whether or not they contributed. The giving of a contribution and the provision of a benefit by the campaign are separate transactions. Any contributions received at non-ticketed events are simply contributions at the amount provided.

Expenses

When a nomination contestant's campaign holds a non-ticketed event during a contest period, the expenses incurred are nomination contest expenses because they are not directly linked to accepting contributions.

Example

The financial agent organizes a meet and greet one evening during the contest period to talk about local issues. Light refreshments and appetizers are served while Christine, the nomination contestant, outlines her policy positions and answers questions. The participants have the opportunity to make a contribution to Christine's campaign. Any contributions received are recorded at the amount provided. The expenses for the food, beverages, room rental, etc., are nomination contest expenses, together with the expense for flyers distributed during the evening.

Draws

An individual who purchases a ticket for a draw for the chance to win property or a service is making a contribution under the *Canada Elections Act* equal to the ticket price. A prorated portion of the prize value is not deducted from the ticket price because a value cannot be attached to the hope of winning.

Note: Under Canada Revenue Agency rules, this type of contribution is not eligible for a tax receipt because the value of the advantage cannot be determined. While a nomination contestant's campaign cannot issue tax receipts in any case, this is useful to note for agents who later work on the candidate's campaign.

Provincial or territorial regulations should be consulted prior to organizing draws or other lotteries. In jurisdictions where draws are permitted, a licence from the province or territory may be required.

Expenses

For nomination contestants promoting a draw during a contest period, the expenses incurred to promote the draw are nomination contest expenses, regardless of when the draw occurs.

7. Nomination Campaign Expenses

This chapter takes a broad look at nomination campaign expenses and how they are administered. It covers the following topics:

- *What are nomination campaign expenses?*
- *How do they relate to non-monetary contributions and transfers?*
- *Who can incur and pay nomination campaign expenses?*
- *What invoices have to be kept?*

Note: The financial agent is responsible for administering expenses and keeping receipts and invoices, as required by the *Canada Elections Act*.

What are nomination campaign expenses?

Definition

The *Canada Elections Act* defines a nomination campaign expense of a nomination contestant as an expense reasonably incurred as an incidence of the nomination contest, regardless of when the expense was incurred.

There are five categories of nomination campaign expenses:

- nomination contest expenses
- nomination contestant's personal expenses
- nomination contestant's travel and living expenses
- nomination contestant's litigation expenses
- other nomination campaign expenses, including auditor fees

It is important to understand the differences between the expense categories and the way each is administered. The chart below gives an overview, and the next five chapters provide details on each one.

Nomination campaign expenses: overview

Nomination campaign expenses	Examples	Who can incur?	Who can pay and from what source? ¹	Spending limit?
Nomination contest expenses	<ul style="list-style-type: none"> • Flyers • Office supplies • Surveys 	<ul style="list-style-type: none"> • Financial agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account 	✓
Contestant's personal expenses	<ul style="list-style-type: none"> • Childcare • Care of a dependant • Expense related to a disability 	<ul style="list-style-type: none"> • Financial agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account • Contestant from own funds, including from another source² 	✗
Contestant's travel and living expenses	<ul style="list-style-type: none"> • Travel • Lodging • Meals 	<ul style="list-style-type: none"> • Financial agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account • Contestant from own funds³ 	✗
Contestant's litigation expenses	<ul style="list-style-type: none"> • Extension requests 	<ul style="list-style-type: none"> • Financial agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account • Contestant from own funds, including from another source² 	✗
Other nomination campaign expenses	<ul style="list-style-type: none"> • Rent outside contest period • Contribution processing fees • Auditor's fees 	<ul style="list-style-type: none"> • Financial agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account 	✗

¹ A person authorized by the financial agent can pay petty expenses from the petty cash. The financial agent must set the maximum amount that may be paid.

² The contestant's personal or litigation expenses can be paid directly by another person or group, with the contestant's consent. This is considered to be a payment from the contestant's own funds. It is not a contribution but must still be reported in the contestant's return.

³ If not repaid by the campaign, this is a contribution from the contestant and is subject to the limit.

What qualifies as a nomination campaign expense?

Nomination campaign expenses include:

- amounts paid
- liabilities incurred
- the commercial value of donated property and services (other than volunteer labour)
- the difference between an amount paid or liability incurred and the commercial value of the property or services (when they are provided at less than their commercial value)

The amount charged to the campaign is a nomination campaign expense. Generally this amount is the commercial value of the property or service received.

Commercial value, in relation to property or a service, is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service or for the same use of property or money by:

- the person who provided the property or service (if the person who provided it is in that business)
- another person who provides that property or service on a commercial basis in the area (if the person who provided the property or service is not in that business)

In other words, commercial value is generally the amount charged in a store for an item or a service.

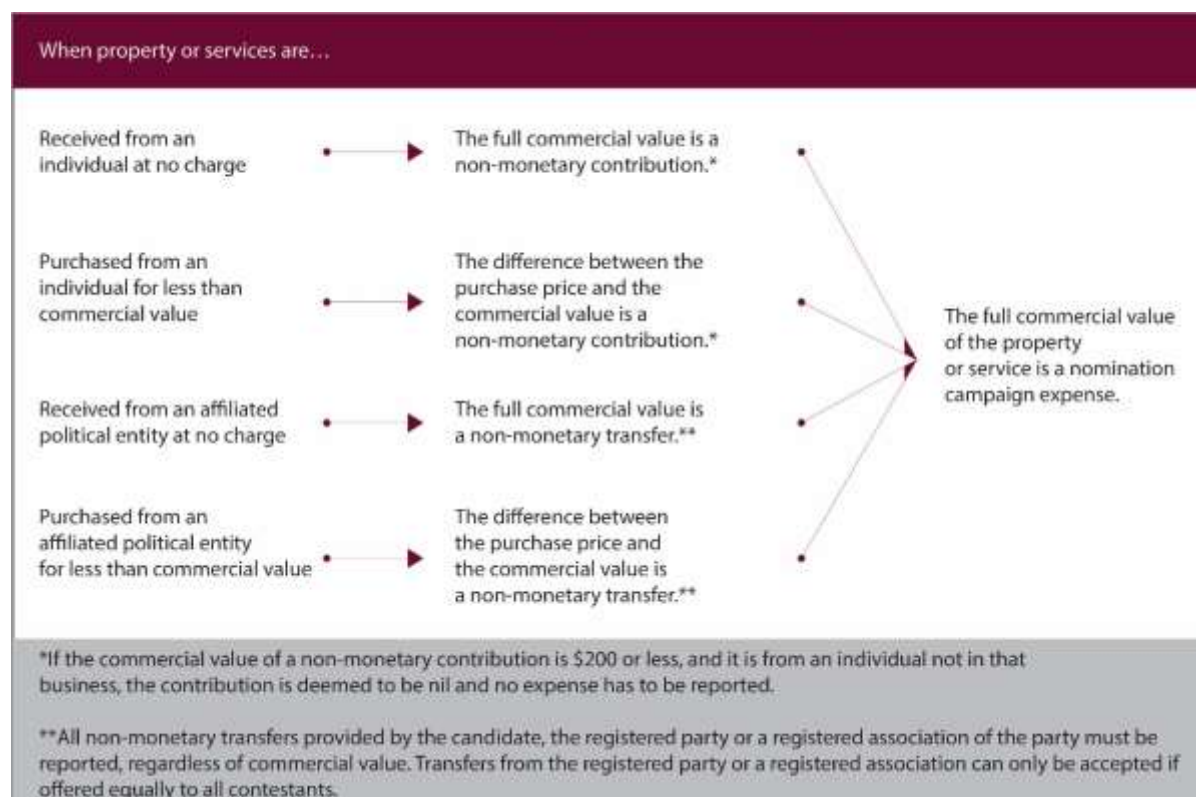
Examples

1. The campaign rents office furniture from an office equipment rental company for four months. The amount charged for the rental is the commercial value, and it is a nomination campaign expense.
2. Wendell, a self-employed web designer, offers to design the nomination contestant's website for a discounted price. He charges \$400 instead of his regular fee of \$700. The commercial value, which is the amount Wendell normally charges for his work (in this case \$700), is a nomination campaign expense. The difference between the commercial value and the actual amount paid (\$300) is a non-monetary contribution from the web designer.

Non-monetary contributions and transfers are also expenses

The nomination contestant's campaign incurs an expense when it accepts a non-monetary contribution or a non-monetary transfer.

Keep in mind that if a service is provided free of charge by an eligible volunteer, there is no contribution and no expense. See **Volunteer labour is not a contribution** in Chapter 2, **Contributions**, for details.



Examples

1. After the contest starts, Simon donates office supplies—packages of paper, ink cartridges and binders—to the campaign. Buying the same items in the local stationery store would cost \$300; therefore, this is the commercial value of the donated goods. The financial agent has to record the following: \$300 as a non-monetary contribution from Simon and \$300 as a nomination contest expense.
2. The registered association that is holding the contest provides all contestants with free mailing envelopes and postage. The financial agent uses the items to distribute campaign flyers during the contest period. The association paid \$1,000 for the items and provides the financial agent with copies of the third party supplier invoices. The financial agent has to record the following: a non-monetary transfer of \$1,000 from the association and a nomination contest expense of \$1,000.

Note: Some examples in the handbook use “cost” as the amount of an expense. This is because most purchases are made at a retail price. However, if a campaign pays less than a retail price, the expense to report for the property or service is its full commercial value.

Who can incur expenses?

Only the financial agent and the nomination contestant can incur nomination campaign expenses.

Who can pay expenses?

Only the financial agent can pay nomination campaign expenses in most cases. There are three exceptions:

- The nomination contestant can pay their personal expenses, travel and living expenses, and litigation expenses.
- Any other person or group can pay the contestant's personal expenses or litigation expenses, with the contestant's consent.
- A person authorized in writing by the financial agent can pay petty expenses for office supplies, postage, courier services and other incidentals from the petty cash. (The financial agent must set the maximum amount that may be paid.)

Property or services provided by the registered party or a registered association

Contestants may receive property or services from the registered party or any registered association of the party. These can be received as non-monetary transfers if they are offered equally to all contestants or can be paid by the contestant's campaign.

If the property or service is being paid by the contestant's campaign, a copy of the original supplier invoice as well as the invoice from the party or association must be included with the contestant's return. The documentation should confirm the amount reported in the contestant's return.

Example

The registered association in the contestant's riding offers to sublet its office to the campaign for three months. The association charges the campaign the same amount as its own rental cost for the period. The association must send an invoice to the contestant's campaign together with its original rental agreement. The rent paid by the contestant is a nomination campaign expense. The registered association has to report the income in its financial statement at the end of the fiscal year.

Invoices

All invoices have to be submitted to the financial agent.

The nomination contestant should send invoices for their personal expenses, travel and living expenses, or litigation expenses to the financial agent only after preparing the *Nomination Contestant's Statement of Expenses*.

If an expense of \$50 or more was incurred as an incidence of the contest, the financial agent must keep a copy of the supplier invoice setting out the nature of the expense. Once it is paid, the financial agent must also keep the proof of payment.

If an expense of less than \$50 was incurred as an incidence of the contest, the financial agent must keep a record of the nature of the expense. Once it is paid, the financial agent must also keep the proof of payment.

For payments made from the petty cash, the person who is authorized to pay petty expenses has to provide the financial agent with the documents mentioned above within three months after the date the petty expense was incurred.

8. Nomination Contest Expenses

This chapter explains what nomination contest expenses are, describes how limits are calculated and applied, and gives examples of typical nomination contest expenses. It covers the following topics:

- *What are nomination contest expenses?*
- *Who can incur and pay nomination contest expenses?*
- *Limits on nomination contest expenses*
- *Typical nomination contest expenses (advertising expenses, Internet communications, voter outreach, and expenses related to the campaign office and workers)*
- *Use of parliamentary resources (staff and websites)*

What are nomination contest expenses?

A nomination contest expense is:

- any cost incurred or non-monetary contribution received by a nomination contestant to the extent that the property or service that the cost was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a nomination contestant during a nomination contest
- any non-monetary transfer received from a registered party or a registered association of the registered party to the extent that the property or services are used to directly promote or oppose a nomination contestant during a nomination contest

The concept of “directly promoting or opposing a nomination contestant” is not limited to advertising. It is to be understood broadly and includes expenses for running a campaign, such as office rental, telecommunication services, etc.

This means that most expenses reasonably incurred for property or a service used during the contest period are nomination contest expenses, unless they:

- fall into another category (see an overview in Chapter 7, **Nomination Campaign Expenses**)
- are non-promotional fundraising expenses (see Chapter 6, **Fundraising**)

The nomination contest period starts on the contest start date and ends on the selection date as indicated in the nomination contest report provided by the registered association or the registered party that held the contest.

Who can incur and pay nomination contest expenses?

The financial agent and the nomination contestant can incur nomination contest expenses.

Only the financial agent is allowed to pay nomination contest expenses, other than petty expenses paid from the petty cash with the financial agent’s written authorization.

Limits on nomination contest expenses

The *Canada Elections Act* imposes a limit on nomination contest expenses to facilitate a level playing field among contestants.

The limit applies to each contestant's nomination contest expenses in the electoral district in which they are seeking the party's endorsement. The limit applies to the total of all nomination contest expenses, whether paid, unpaid, or accepted as non-monetary contributions or transfers.

The nomination contestant and the financial agent have to respect the nomination contest expenses limit. They cannot enter into contracts or incur nomination contest expenses that exceed the limit.

It is highly advisable to agree on an expense approval process; this will help ensure that the nomination contestant and the financial agent are informed and co-operate when incurring expenses. An expense approval process and a campaign budget created at the beginning of the campaign help to manage finances effectively.

How are the limits calculated?

The limit allowed for a nomination contestant in an electoral district is:

- 20% of the limit that was allowed for a candidate's election expenses during the last general election in that electoral district (excluding any increase for a longer election period), or
- in any other case, the amount determined by Elections Canada

The registered party or registered association holding the nomination contest informs the contestants about the nomination contest expenses limit. The information is also available on the Elections Canada website in the Political Participants section.

Note: The *Canada Elections Act* does not provide for a reimbursement of nomination contest expenses.

Typical nomination contest expenses

The following are examples of typical nomination contest expenses.

Advertising expenses

Advertising is the transmission of an advertising message promoting the nomination contestant's campaign.

Expenses incurred for advertising conducted during the nomination contest period, including the cost of production and distribution, are to be reported as nomination contest expenses.

Examples

1. The financial agent purchases flyers before the contest starts and mails them to party members in the riding during the contest period to promote the contestant. The expense for the flyers—including their design, printing and distribution—is a nomination contest expense.
2. The contestant's campaign hires a media firm to place banners on websites and social media platforms during the contest period, directing users to a video posted on YouTube. The placement cost for the banners is a nomination contest expense, together with all expenses related to designing and developing the video.

Partisan advertising during the pre-election period and information to be held in an online registry

Nomination contests will sometimes take place in the pre-election period of a fixed-date general election, starting from June 30 until the election period begins. A nomination contestant's advertising during that period is called partisan advertising and, if conducted online, may be subject to registry requirements.

Regulated online platforms (that is, websites or applications that meet certain criteria for monthly visitors or users) have to maintain a registry of political advertising.

When a nomination contestant's campaign purchases partisan advertising online, to make sure it complies with the law, it should:

- inform the platform that it is conducting political advertising
- ask if the platform is regulated by the rules in the *Canada Elections Act* and needs information for its registry (unless the platform has already made this clear)

If the platform is regulated, the campaign must provide it with:

- an electronic copy of the advertisement
- the name of the financial agent who authorized its distribution on the platform

The platform must publish this information in its registry from the day the ad runs until two years after election day.

Websites and web content

Nomination contestants often create websites and social media accounts specifically for their campaigns, either during or in the lead up to a contest. Pre-existing websites and social media accounts might also be used to promote the contestant during the contest period.

The following table shows when a website or web content that remains online during the contest period is a nomination contest expense, taking into account the purpose of the material.

Type of website or web content	Nomination contest expense
Campaign's website and social media accounts	<p>The expenses incurred for the campaign website itself—including its design, hosting and maintenance—are nomination contest expenses.</p> <p>Expenses to produce and distribute content on the website or social media accounts are also nomination contest expenses. Because the site and accounts exist for the purpose of the campaign, all content that is online during the contest period counts as a nomination contest expense, regardless of when it was posted.</p> <p>If content was produced entirely or in part using volunteer labour, only the actual expense incurred by the contestant is a nomination contest expense. This may include materials, equipment rental or paid labour.</p>
Contestant's personal website and social media accounts	<p>A contestant's pre-existing personal website is a nomination contest expense if it is used for the purpose of the campaign. Elections Canada will accept the current commercial value of an equivalent website as the commercial value of a pre-existing website.</p> <p>Expenses to produce and distribute content on the website or social media accounts for the purpose of the campaign are also nomination contest expenses. Pre-existing content is only an expense if it was posted for the purpose of the campaign or promoted during the campaign.</p> <p>The expenses are also non-monetary contributions from the contestant. However, if the contestant did not incur any expenses for the website or web content, there is no expense or contribution to report.</p>
Parliamentarian's website or social media accounts	<p>See the Use of parliamentary resources section below.</p>

Examples

1. A group page has been created for the contestant on a free social networking site. Volunteers manage the page and post articles related to the nomination contestant. As long as the volunteers are helping outside their regular working hours and are not self-employed in the business of managing social media, the volunteer labour is not an expense.
2. The financial agent hires a media firm to post content on the contestant's website, promoting the campaign. All expenses related to designing, developing and posting the content are nomination contest expenses.
3. The contestant has a personal Twitter account and continues to tweet from that account during the contest period. Sometimes she tweets about her campaign. If the contestant is tweeting for free on her own time, there is no expense to report.

OGI reference

For a detailed discussion of a similar topic, please refer to Elections Canada's interpretation note 2018-04, *Pre-existing Web Content of Registered Parties in an Election*, on the Elections Canada website.

Voter contact calling services

Voter contact calling services are services involving the making of calls during an election period for any purpose related to an election, including:

- promoting or opposing a nomination contestant or any position on an issue with which a contestant is associated
- encouraging electors to vote or to refrain from voting
- providing information about the election, including information about voting hours and the location of polling stations
- gathering information about how electors voted in past elections, or will vote in the election, or their view on a nomination contestant or on any issue with which a contestant is associated
- raising funds for a nomination contestant

Expenses incurred for voter calls conducted during the election period, including the cost of production and distribution, are nomination contest expenses.

Note: The nomination contestant's campaign must register with the Canadian Radio-television and Telecommunications Commission (CRTC) if it uses a calling service provider or automatic dialing-announcing device to make voter calls during an election period. Refer to the CRTC's Voter Contact Registry web page for details.

Surveys

Expenses related to surveys or research conducted during the contest period are nomination contest expenses. Expenses related to surveys or research conducted outside the contest period are not nomination contest expenses, even if the results of the survey are used during the contest.

Example

During the contest period, the financial agent engaged Election Polling Inc. for \$1,500 to conduct a survey. Once the survey was completed, the financial agent issued a cheque from the campaign bank account to pay Election Polling Inc., recorded the amount as a nomination contest expense and kept the invoice to submit later with the contestant's return.

Capital assets

Under the *Canada Elections Act*, a capital asset is any property with a commercial value of more than \$200 that is normally used outside a nomination contest other than for the purposes of a contest (for example, computers, software, printing equipment and furniture).

If the contestant's campaign purchases a capital asset and uses it during the contest period, the nomination contest expense is the lower of the commercial value of renting a similar asset for the same period or the purchase price.

For non-capital assets such as office supplies, the purchase price must be recorded as a nomination contest expense.

Capital assets might be received in the form of a contribution from an individual. In that case, the commercial value of the asset is a non-monetary contribution. If the asset was used during the contest period, the nomination contest expense is the lower of the commercial value of renting a similar asset for the same period or the purchase price. The remaining amount, if any, is an other nomination campaign expense.

Note: Amortization may not be used as a method of calculating the commercial value of the use of the asset.

Note: Capital assets acquired during the campaign must be disposed of at the end of the campaign. They must be sold at fair market value and the funds transferred to the candidate endorsed by the party in the electoral district in which the contest was held, to the registered association that held the contest or to the registered party. The assets themselves cannot be transferred.

Examples

1. The contestant's campaign rents two computers from a local office supplier for \$500 during the contest period. The rental agreement is for two months (61 days) and extends 15 days past the end of the contest period. The cost of renting the computers during the contest period is a nomination contest expense, and it is calculated as follows: $\$500 / 61 \times (61 - 15) = \377.05 . The remaining amount, \$122.95, is recorded as an other nomination campaign expense.
2. The financial agent pays \$100 at a garage sale for the purchase of a printer for the campaign. The commercial value of renting a similar printer during the contest period would have been \$150. The financial agent records \$100 as a nomination contest expense since the purchase price, \$100, is lower than the rental rate.
3. A volunteer uses his personal laptop to do work for the campaign during the contest period. The commercial value of renting a similar laptop for the 40-day contest period would be \$80. This is a non-monetary contribution from the volunteer. However, because the amount is \$200 or less and the volunteer is not in the business of providing electronics, the non-monetary contribution is deemed to be nil and there is no expense to report.

Rental of a campaign office

The campaign may rent an office for the nomination contestant's campaign. Only the portion of the rent used during the contest period is a nomination contest expense. The portion of the rent used before and after the contest period is an other nomination campaign expense.

Example

The campaign rents an office on March 1, two weeks before the contest period starts. The selection date is April 30. The rental agreement is for two months and the rent is \$300 a month.

The nomination contest expense to be recorded is the rent for the month of April, plus the rent for 17 days in March: $\$300 + (17 / 31 \times \$300) = \$464.52$. The remaining amount, \$135.48, is recorded as an other nomination campaign expense.

Installation costs and other office expenses

The expense incurred to install items used during the contest period is a nomination contest expense even if the installation takes place before the contest is called, as long as the item itself is a nomination contest expense. Installation expenses cannot be prorated.

Other office expenses include the cost of buying office supplies, such as paper or toner cartridges, or supplying refreshments during meetings.

Example

The expense to install any equipment (telephones, computers, fax machines, etc.) is a nomination contest expense and cannot be prorated between pre- and post-contest periods regardless of when the installation takes place.

The expense for telephone usage, however, will have to be reported as an other nomination campaign expense for the time before and after the contest period, while the portion of usage during the contest period is a nomination contest expense.

Compensation paid to the financial agent or other campaign workers

The campaign may choose to pay compensation to the financial agent or other campaign workers. In that case, the compensation related to work performed during the contest period is a nomination contest expense, while the compensation related to work performed after the contest period is an other nomination campaign expense.

Note that work performed prior to the contest period may also be a nomination contest expense if the output of that work is used during the contest period. For example, if mailings are prepared by campaign workers before the contest starts and are sent during the contest period, any compensation paid would be a nomination contest expense.

It is advisable to include a written contract or other documentation with the contestant's return about any compensation paid. In the absence of evidence, the payment of salaries may be considered an inappropriate use of campaign funds that would need to be returned.

Example

When the contest starts, the nomination contestant decides to pay her financial agent a salary of \$2,500 for the contest period. The financial agent prepares a contract setting out the terms of compensation. This amount has to be recorded as a nomination contest expense.

Expenses of volunteers

Unpaid campaign workers are generally providing volunteer labour, which is not a nomination contest expense. But expenses for items used by volunteers during the contest period (for example, the cost of refreshments, lodging or transportation related to the campaign) are nomination contest expenses.

If a volunteer pays for an expense incurred as an incidence of the nomination contest, the amount is a non-monetary contribution and an expense. However, if the amount is \$200 or less and the individual is not in the business of providing the service, the non-monetary contribution is deemed to be nil and no expense has to be reported.

Examples

1. Late one night during the contest period, volunteers help in the campaign office to prepare hundreds of flyers for mailing. The financial agent orders pizza and pays \$83.50 to the pizza delivery person. The amount of \$83.50 is a nomination contest expense.
2. A volunteer is driving around in her own car to deliver flyers during the contest period. She pays \$30 to fill up her car. If the amount is not reimbursed by the campaign, the volunteer made a non-monetary contribution. However, because the amount is less than \$200, the non-monetary contribution is deemed to be nil and no expense has to be reported.

Campaigning by parliamentarians

If a federal or provincial parliamentarian campaigns on behalf of the contestant, the expenses related to that person's involvement in the campaign are nomination contest expenses and have to be authorized in advance by the financial agent or the contestant.

Any expense incurred in relation to the nomination campaign has to be reimbursed using campaign funds or accepted as a non-monetary contribution if paid by an eligible contributor. In the case of a non-monetary contribution, the expense is a nomination contest expense.

In the event that a parliamentarian has travelled to a particular destination for purposes unrelated to the contest and campaigns on behalf of the contestant while there, any incremental expenses incurred to assist with the campaign are nomination contest expenses.

Use of parliamentary resources

Nomination contestants who are parliamentarians might sometimes make use of parliamentary resources, such as websites and office staff, for their nomination campaigns.

The use of parliamentary resources during the contest period is a nomination contest expense. If the expense is not paid by the campaign, the use of the resource is a non-monetary contribution from the parliamentarian and is subject to the contribution limit.

Note: The use of parliamentary resources is governed by other rules as well, including the *Members By-law* of the House of Commons (available on the Parliament of Canada website).

OGI reference

For a detailed discussion of a related topic, please refer to Elections Canada's interpretation note 2014-02, *The Use of Member of Parliament Resources Outside of an Election Period*, on the Elections Canada website.

Staff of a parliamentarian

If employees on the staff of a parliamentarian engage in political activities to support the parliamentarian as a nomination contestant during the contest period, the salaries of these persons are nomination contest expenses and, if not paid by the campaign, are non-monetary contributions from the parliamentarian.

However, if the employees work on the contestant's campaign outside their normal business hours or are on leave, their involvement is volunteer labour and is therefore neither a nomination contest expense nor a non-monetary contribution.

Website and social media accounts of a parliamentarian

Nomination contestants may have websites and social media accounts that are designed and maintained using parliamentary resources.

If the nomination contestant uses the website for the purpose of their campaign, its commercial value—including design, maintenance and hosting—is a nomination contest expense. Elections Canada will accept the current commercial value of an equivalent website as the commercial value of a pre-existing website.

Expenses to produce and distribute content on the website or social media accounts for the purpose of the campaign are also nomination contest expenses. Pre-existing content is only an expense if it was posted for the purpose of the campaign or promoted during the campaign.

9. Nomination Contestant's Personal Expenses

This chapter discusses the nomination contestant's personal expenses and reporting requirements. It covers the following topics:

- *What are the contestant's personal expenses?*
- *Who can incur and pay the contestant's personal expenses?*
- *Typical personal expenses (care and disability expenses, other personal expenses)*

What are the contestant's personal expenses?

Personal expenses of the nomination contestant include the following types of expenses listed in the *Canada Elections Act* and reasonably incurred in relation to the nomination contest, both during and outside the contest period:

- child care expenses
- expenses related to the provision of care for a person with a physical or mental incapacity for whom the contestant normally provides such care
- in the case of a contestant who has a disability, additional personal expenses that are related to the disability
- other personal expenses—that is, all personal expenses other than those in the preceding categories

The contestant's personal expenses do not count against the nomination contest expenses limit.

Note: The contestant's personal expenses must be new expenses or increases in normally incurred expenses. In other words, they are expenses that the contestant incurred only because there was a nomination contest.

Who can incur and pay the contestant's personal expenses?

Only the nomination contestant or the financial agent can incur the contestant's personal expense.

Anyone can pay the contestant's personal expenses. They can be paid:

- by the financial agent from the campaign bank account
- by the contestant using their own funds, including funds provided by another person or group for that purpose
- by any person or group directly, using their own funds, with the contestant's consent

The following table explains different scenarios for paying personal expenses other than from the campaign bank account.

Payment scenario and expense category	What to keep in mind
Contestant pays any personal expense and intends to be repaid by the campaign	The campaign has to repay the contestant within 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it). After that date, the repayment cannot be made without prior authorization from Elections Canada or a judge.
Contestant or others pay care or disability expenses and do not intend to be repaid	The contestant, other person or group makes the payment without going through the campaign bank account. It is not a contribution but must still be reported in the contestant's return.
Contestant or others pay other personal expenses and do not intend to be repaid	Same as above. The campaign can accept unlimited payments for these expenses. (Note: This rule is different when it comes to a candidate's other personal expenses, which are subject to a limit.)

Typical personal expenses

The following are examples of typical personal expenses that the nomination contestant might incur in relation to their campaign.

Childcare

The nomination contestant might engage in campaign activities during the daytime, evenings or weekends. If the contestant would normally be at home caring for a child at these times, the expense for additional childcare incurred as an incidence of the contest is a personal expense of the contestant.

Example

Raffi, a nomination contestant, has officially launched his campaign for a nomination contest that will be held later in the year. He has sole care of his child on weekends. When he goes canvassing one Saturday, Raffi leaves his child with a babysitter for three hours. The expense for the babysitter is a personal expense of the contestant.

Care for a person with a physical or mental incapacity

If the nomination contestant normally provides care for a person with a physical or mental incapacity, additional care might be needed for the times when the contestant is engaged in campaign activities. The expense for additional care is a personal expense of the contestant.

Expenses related to a disability

In the case of a nomination contestant with a disability, the additional expenses related to the disability that are reasonably incurred as an incidence of the contest are personal expenses of the contestant.

Examples

1. Ana, a contestant, has a disability that requires the services of a caregiver when she travels. The caregiver accompanies Ana on trips in the riding. The expenses of this additional care are personal expenses of the contestant.
2. Boris, a contestant, has a disability that requires him to use accessible forms of transportation. He regularly travels from home to his campaign office and to campaign events using accessible taxis. The expenses for the taxis are personal expenses of the contestant rather than travel and living expenses.

Other personal expenses

This category includes personal expenses other than those in the preceding categories.

This is the category in which to report items such as costs of dry cleaning, personal grooming or the nomination contestant's cellphone use. All the items reported must be for expenses that the contestant would not normally incur if there was no nomination contest.

Example

The nomination contestant makes and receives calls related to the campaign on her own cellphone. The contestant can claim any expenses in excess of her normal cellphone expenses as other personal expenses.

10. Nomination Contestant's Travel and Living Expenses

This chapter discusses the nomination contestant's travel and living expenses and reporting requirements. It covers the following topics:

- *What are the contestant's travel and living expenses? What are not?*
- *Who can incur and pay the contestant's travel and living expenses?*
- *Typical travel and living expenses (meals and incidentals, temporary lodging and transportation)*

What are the contestant's travel and living expenses?

The nomination contestant's travel and living expenses include the following types of expenses reasonably incurred in relation to the contestant's campaign, both during and outside the contest period:

- transportation
- temporary lodging
- meals and incidentals

The contestant's travel and living expenses do not count against the nomination contest expenses limit.

Note: The contestant's travel and living expenses must be new expenses or increases in normally incurred expenses. In other words, they are expenses that the contestant incurred only because there was a nomination contest.

What are not the contestant's travel and living expenses?

The expenses of campaign workers and volunteers accompanying the nomination contestant on trips during the contest period, or assisting the contestant during events, are not the contestant's travel and living expenses. They are nomination contest expenses subject to the limit.

Expenses incurred for return trips of campaign workers and volunteers after the contest period are other nomination campaign expenses.

Example

The contestant rents a car to travel in the riding and meet with voters during the contest period. The car rental and fuel costs are recorded as travel and living expenses of the contestant. The expenses for the contestant's lodging and meals during the trip are also travel and living expenses. The contestant travels with his campaign manager, who is a volunteer. The expenses associated with the campaign manager's lodging and meals during the trip are nomination contest expenses.

Who can incur and pay the contestant's travel and living expenses?

Only the nomination contestant or the financial agent can incur the contestant's travel and living expenses.

Only the contestant or the financial agent is allowed to pay the contestant's travel and living expenses. They can be paid:

- by the financial agent from the campaign bank account
- by the contestant using their own funds

The following table explains the different scenarios for contestants paying their own travel and living expenses.

Payment scenario	What to keep in mind
Contestant pays a travel and living expense and intends to be repaid by the campaign	The campaign has to repay the contestant within 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it). After that date, the repayment cannot be made without prior authorization from Elections Canada or a judge.
Contestant pays a travel and living expense and does not intend to be repaid	When contestants use their own funds to pay travel and living expenses, and they are not repaid by the campaign, it is a non-monetary contribution from the contestant to the campaign. The contribution rules apply.

Typical travel and living expenses

The following are examples of typical travel and living expenses that the nomination contestant might incur in relation to their campaign.

Meals and incidentals

The nomination contestant might spend long hours away from home because of the campaign. Additional expenses for the contestant's meals and incidentals incurred as an incidence of the contest are travel and living expenses.

Example

The contestant orders a \$30 dinner while travelling in the riding because of the campaign. This is a travel and living expense of the contestant. His day-to-day meals consumed at home, on the other hand, are not a travel and living expense because meals are consumed regularly outside the contest period.

Note: Per diems (daily allowances) cannot be claimed as a contestant's travel and living expenses. Only actual paid expenses are considered.

Temporary lodging

The nomination contestant might stay in a hotel while travelling in the electoral district for the campaign or might relocate temporarily to the electoral district if they normally live elsewhere. The expense for the contestant's temporary lodging incurred as an incidence of the contest is a travel and living expense.

Transportation

The nomination contestant might need to travel within or outside the electoral district for the campaign, using a vehicle or other method of transportation. The expense for the contestant's transportation incurred as an incidence of the contest is a travel and living expense.

If the contestant uses a personal vehicle for travel, they may submit:

- receipts for gas and other expenses, or
- a mileage log

The mileage log should contain the following information: the date of travel, point of origin, destination, kilometres travelled and purpose of travel. It is recommended that campaigns use the kilometric rates established by the National Joint Council's *Travel Directive* to calculate the expense.

Note: A contestant's travel claim has to be either for actual expenses, such as gas and rental costs, or else for mileage. The claim cannot be for both.

11. Nomination Contestant's Litigation Expenses

This chapter discusses the nomination contestant's litigation expenses and reporting requirements. It covers the following topics:

- What are the contestant's litigation expenses?
- Who can incur and pay the contestant's litigation expenses?

What are the contestant's litigation expenses?

Litigation expenses of a nomination contestant are expenses for any of the following related to the campaign:

- an application to a judge related to the financial administration of the campaign (extension requests, relief from the obligation to file a corrected return, payment authorizations, etc.)
- an appeal or judicial review related to the requests or applications above

Litigation expenses do not count against the nomination contest expenses limit.

Who can incur and pay the contestant's litigation expenses?

Only the nomination contestant or the financial agent can incur the contestant's litigation expenses.

Anyone can pay litigation expenses of the contestant. They can be paid:

- by the financial agent from the campaign bank account
- by the contestant using their own funds, including funds provided by another person or group for that purpose
- by any person or group directly, using their own funds, with the contestant's consent

The following table explains different scenarios for paying litigation expenses other than from the campaign bank account.

Payment source	What to keep in mind
Contestant pays a litigation expense and intends to be repaid by the campaign	The campaign has to repay the contestant within 36 months after the selection date (or election day, if the selection date falls within an election period or within 30 days before it). After that date, the repayment cannot be made without prior authorization from Elections Canada or a judge.
Contestant or others pay a litigation expense and do not intend to be repaid	The contestant, other person or group makes the payment without going through the campaign bank account. It is not a contribution but must still be reported in the contestant's return.

Note: After sending the *Nomination Contestant's Statement of Expenses* to the financial agent, if the contestant or others pay a litigation expense, the contestant must send details of the expense and proof of payment to the financial agent as soon as possible. The financial agent will need to submit a revised contestant's return. See **Additional reporting** in Chapter 13, **Reporting**.

12. Other Nomination Campaign Expenses

This chapter discusses nomination campaign expenses other than nomination contest, personal, travel and living, and litigation expenses. It provides examples of typical expenses in this category. It covers the following topics:

- *What are “other” nomination campaign expenses?*
- *Nomination contest fees*
- *Compensation paid to the contestant*
- *Fundraising expenses*
- *Unused inventory*
- *Interest on loans before and after the contest period*
- *Auditor’s fees*
- *Cost of preparing reports*

What are “other” nomination campaign expenses?

Certain nomination campaign expenses that are reasonably incurred as an incidence of the contest are not to be included as nomination contest expenses or any other specific category of expense, and are not subject to the expenses limit. These expenses are called “other” nomination campaign expenses.

Property or services used before or after the nomination contest

Expenses for property or services used before or after the nomination contest are only nomination campaign expenses to the extent that they were incurred as an incidence of the contest.

When property or a service is used before the contest start date, the campaign should ask: if the contestant was not planning to participate in a future contest, would the expense have been incurred? If the answer is no, and the expense is not a personal expense (see Chapter 9) or a travel and living expense (see Chapter 10), then it is an other nomination campaign expense.

When property or a service is used after the selection date, the campaign should ask: did the expense reasonably serve some purpose related to the contest? If the answer is yes, and the expense is not a personal expense (see Chapter 9), a travel and living expense (see Chapter 10) or a litigation expense (see Chapter 11), then it is an other nomination campaign expense.

Note: The contest start date and selection date are indicated in the nomination contest report provided by the registered association or the registered party that held the contest.

Examples

1. The campaign rents an office on March 1, two weeks before the contest period starts. The selection date is April 30. The rental agreement is for two months and the rent is \$300 a month. The nomination contest expense to be recorded is the rent for the month of April, plus the rent for 17 days in March: $\$300 + (17 / 31 \times \$300) = \$464.52$. The remaining amount, \$135.48, is recorded as an other nomination campaign expense.
2. After the selection date, the contestant invites volunteers to a thank-you party. Although the event is outside the nomination contest period, the expense is incurred as an incidence of the nomination contest. Accordingly, the expense has to be reported as an other nomination campaign expense.

Who can incur and pay “other” nomination campaign expenses?

The financial agent and the nomination contestant can incur other nomination campaign expenses.

Only the financial agent is allowed to pay other nomination campaign expenses, other than petty expenses paid from the petty cash with the financial agent’s written authorization.

Typical “other” expenses

Nomination contest fees

Nomination contestants might be required to pay a contest entry fee to the registered party or the registered association organizing the contest. These fees are other nomination campaign expenses.

Note: When a refundable compliance deposit is required, it is recorded as a transfer to the registered party or association rather than as an expense. If the deposit is refunded to the contestant, it is recorded as other cash inflow rather than as a transfer back to the contestant.

Compensation paid to the contestant

Reasonable compensation may be paid to the nomination contestant from the campaign bank account. It is an other nomination campaign expense.

It is advisable to include a written contract or other documentation with the contestant’s return about any compensation paid because, in the absence of evidence, the payment of salaries may be considered an inappropriate use of campaign funds that would need to be returned.

Fundraising expenses

Some fundraising expenses are other nomination campaign expenses rather than nomination contest expenses, even if the fundraising takes place during the contest period. See **Fundraising expenses** in Chapter 6, **Fundraising**, for more information.

Note: Expenses associated with the production and distribution of advertising and promotional materials related to a fundraising activity are nomination contest expenses to the extent that the advertising and promotional materials are used during the contest period.

Example

The campaign holds a ticketed fundraising dinner during the contest period. The expenses incurred for the venue rental, food, drinks and entertainment are other nomination campaign expenses. The expenses incurred to promote the event are nomination contest expenses.

Interest on loans before and after the contest period

Interest accrued on loans before and after the contest period is an other nomination campaign expense.

Unused inventory

After the contest, the nomination contestant's campaign may have promotional items that were never used during the contest period and remain in inventory.

The expense for these unused items is not a nomination contest expense but an other nomination campaign expense. This is the case except for unused signs promoting the contestant, which are always treated as nomination contest expenses.

Unused inventory should be sold at commercial value. The funds are then transferred to the candidate in the electoral district, the registered party or the registered association that held the contest.

Example

During the contest period, 18,000 flyers are distributed and 2,000 remain in the campaign office unused. The purchase price of the 2,000 flyers is reported as an other nomination campaign expense.

Auditor's fees

The nomination contestant's auditor will receive a subsidy from Elections Canada, paid directly to the auditor. If the auditor's subsidy is less than the total fee charged by the auditor, the difference is an other nomination campaign expense, and the contestant's campaign is responsible for paying the remaining amount.

Once Elections Canada receives the *Nomination Contestant's Campaign Return*, auditor's report and auditor's invoice, and once it has reviewed the contestant's return, it authorizes the auditor's subsidy payment.

How the subsidy is calculated

The auditor's subsidy is calculated as follows:

- the amount indicated on the auditor's invoice to a maximum of \$2,193* or 3% of the contestant's nomination contest expenses—whichever is less
- a minimum of \$365.50*

*These amounts have been adjusted for inflation from the base amounts of \$1,500 and \$250. They are in effect for contests with a selection date between April 1, 2019, and March 31, 2020.

Example

The financial agent submits the auditor's invoice for \$500 with the *Nomination Contestant's Campaign Return* and other required documents. The total amount of the contestant's nomination contest expenses is \$10,200. The auditor is entitled to receive 3% of that amount as a subsidy payment. However, 3% of \$10,200 (\$306) is less than the minimum amount payable. Accordingly, Elections Canada will authorize payment of the minimum amount of \$357.25.

The financial agent pays the remaining \$142.75 to the auditor from campaign funds and reports the amount as an other nomination campaign expense.

Note: The subsidy is provided only when an audit of the contestant's financial return is required by the *Canada Elections Act*. See Chapter 13, **Reporting**, for the conditions under which an audit is required.

Cost of preparing reports

Expenses associated with fulfilling the various reporting obligations set out in the *Canada Elections Act* are other nomination campaign expenses.

Example

The expense for a courier service used one month after the selection date to send the contestant's return has to be reported as an other nomination campaign expense.

13. Reporting

This chapter describes the financial reports that must be completed and submitted by set deadlines under the Canada Elections Act. It covers the following topics:

- *Reporting obligations after the selection date*
- *Additional reporting*
- *Submitting reports to Elections Canada*
- *Requesting a filing deadline extension*

*For a timeline of all reporting obligations, see Important deadlines for the nomination contestant's campaign in Chapter 1, **Reference Tables and Timelines**.*

Note: Forms and instructions are available on the Elections Canada website.

Reporting obligations after the selection date

Reports in this table must be submitted to Elections Canada, unless otherwise noted.

Report	Description	Who is responsible
3 months after selection date		
<p>Nomination Contestant's Statement of Expenses (EC 20175)</p> <p>Signed, with all supporting documents</p>	<p>The statement lists the contestant's personal, travel and living, and litigation expenses that were reasonably incurred in relation to the contest and have not been reimbursed by the campaign.</p> <p>It must be completed even if the expenses were nil.</p>	<p>Nomination contestant</p> <p>Submitted to financial agent</p>
4 months after selection date¹		
<p>Nomination Contestant's Campaign Return² (EC 20171)</p> <p>Signed, with all supporting documents</p>	<p>The campaign return includes the following:</p> <ul style="list-style-type: none"> • campaign information and declaration, signed by the contestant and the financial agent • revenues and other inflows • expenses and other outflows • unpaid claims and loans • bank reconciliation 	<p>Financial agent</p>
<p>Nomination Contestant's Statement of Expenses² (EC 20175)</p> <p>Signed, with all supporting documents</p>	<p>The financial agent must submit the expenses statement with the <i>Nomination Contestant's Campaign Return</i>.</p>	<p>Financial agent</p>
<p>Auditor's report³</p>	<p>After the financial agent has completed the campaign return, the auditor has to examine the financial records and give an opinion in a report as to whether the contestant's return presents fairly the information contained in the financial records on which it is based.</p>	<p>Financial agent</p>
<p>¹ If the selection date falls within an election period or within 30 days before it, the deadline is four months after election day.</p> <p>² Required if the campaign accepted contributions totalling \$1,000 or more, or incurred nomination campaign expenses totalling \$1,000 or more (note that transfers to affiliated political entities are not nomination campaign expenses).</p> <p>³ Required if the campaign accepted contributions totalling \$10,000 or more, or incurred nomination campaign expenses totalling \$10,000 or more (note that transfers to affiliated political entities are not nomination campaign expenses).</p> <p>It is very important to give the auditor enough time to properly audit the <i>Nomination Contestant's Campaign Return</i> before the deadline.</p>		

Additional reporting

In some cases, reporting obligations continue well past the selection date. The campaign might still have unpaid claims or loans, or need to correct an error in the contestant's return. The following table summarizes these additional reporting requirements.

Note: If the selection date falls with an election period or within 30 days before it, a reference to the selection date in the table below is to be read as election day.

Report	Description	Deadline	Who is responsible
<i>Nomination Contestant's Campaign Return</i> (EC 20171)			
Corrected or revised, as requested by the nomination contestant or financial agent	The contestant or the financial agent may become aware of a need to make a correction or report new transactions in a return that has been filed. In that case, the contestant or the financial agent has to submit a written request for authorization to file a corrected or revised return.	30 days after the correction or revision was authorized	Nomination contestant or financial agent
Corrected or revised, as requested by Elections Canada	On review, Elections Canada may request the financial agent to correct or revise the campaign return.	Within a period specified by Elections Canada	Financial agent
Updated after the final payment of a claim or loan	The financial agent must send an updated <i>Nomination Contestant's Campaign Return</i> indicating the source of funds used to pay the claim or loan.	30 days after a claim or loan is paid*	Financial agent
<i>Nomination Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the Selection Date</i> (EC 20001)			
Statement as of 18 months after the selection date	This statement is required if the campaign still has unpaid claims and loans 18 months after the selection date.	19 months after selection date	Financial agent
Statement as of 36 months after the selection date	This statement is required if the campaign still has unpaid claims and loans 36 months after the selection date.	37 months after selection date	Financial agent
*Claims and loans must be paid within 36 months after the selection date. Authorization is required from Elections Canada or a judge to pay claims or loans more than 36 months after the selection date.			

Submitting reports to Elections Canada

Financial forms and instructions are available on the Elections Canada website.

Elections Canada has developed free software to assist with the preparation of financial returns: the Electronic Financial Return (EFR) software. The EFR software can be accessed from the Elections Canada website.

Note: Using EFR to complete or update the *Nomination Contestant's Campaign Return* makes reporting much easier because EFR validates the entries and creates a submission file with the required fields populated.

How to submit reports to Elections Canada

Process	<ol style="list-style-type: none">1. Sign the pages requiring signature.2. Send the reports to Elections Canada by email (in PDF format), courier, mail or fax.3. Send supporting documentation to Elections Canada by email, courier or mail. <p>If you used EFR: Send the submission file created by the system (in ZIP format) and a copy of the pages requiring signature (in PDF format) by email.</p>
Email	efr-rfe@elections.ca
Mail	Elections Canada 30 Victoria Street, Gatineau, Quebec K1A 0M6
Fax	Political Financing 1-888-523-9333 (toll-free) 1-819-939-1803
Notes	<ul style="list-style-type: none">• Documents submitted to Elections Canada have to be signed.• It is recommended that the campaign keep a copy of all documents submitted.

Requesting a filing deadline extension

Reports eligible for an extension

The *Canada Elections Act* specifies deadlines for submitting reports. The financial agent or the nomination contestant may apply for an extension if they cannot submit a report on time.

If only a few invoices or receipts are missing, campaigns should submit the mandatory documents on time and send the missing documentation later.

The following table explains which documents are eligible for an extension and from whom.

Nomination contestant reports—extension requests			
Report	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Nomination Contestant's Campaign Return</i>			
Original submission, including the auditor's report (if required)	Yes	No	Yes
Updated after the final payment of a claim or loan at any time after the selection date	Yes	No	Yes
Corrected or revised, as requested by the nomination contestant or the financial agent	Yes	Yes	No
Corrected or revised, as requested by Elections Canada	No	No	No*
<i>Nomination Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After the Selection Date</i>			
Statement as of 18 months after the selection date	Yes	No	Yes
Statement as of 36 months after the selection date	Yes	No	Yes
*Corrections or revisions requested by Elections Canada are not eligible for extensions and must be filed within the specified period. However, the financial agent or the nomination contestant can apply to a judge to be relieved of the obligation of complying with the request.			

Submitting a request for an extension

To apply for an extension, the financial agent or the nomination contestant has to send the *Request for Extension of Filing Deadline* form. It must be received by Elections Canada no later than two weeks after the filing deadline.

Note: Only a judge may grant an extension requested more than two weeks after the deadline has passed.

Elections Canada will grant an extension unless the financial agent's failure to provide the document was deliberate or was the result of a failure to exercise due diligence.

If Elections Canada refuses to authorize an extension or if the financial agent or nomination contestant is unable to file the required documents within the extended period, the nomination contestant or the financial agent may apply to a judge for an extension.

14. Managing Unpaid Claims and Loans

This chapter explains the rules for administering the campaign's unpaid claims and loans at different times after the nomination contest. It covers the following topics:

- *Repaying claims and loans within 36 months*
- *Repaying claims and loans after 36 months*
- *Requesting authorization for a payment*
- *Reporting unpaid claims and loans*

Note: The usual deadline for paying claims and loans is 36 months after the selection date. But if the selection date falls within an election period or within 30 days before it, the deadline changes to 36 months after election day.

Repaying claims and loans within 36 months

Claims and loans must be paid within 36 months after the selection date (or election day—see note above). If a claim or loan remains unpaid from the time the original return is filed to 36 months after the selection date (or election day):

- the financial agent does not require authorization from Elections Canada or a judge before paying it
- after the final payment of each claim or loan, the financial agent has to file an updated *Nomination Contestant's Campaign Return* within 30 days of the payment
- the updated return must indicate the source of funds used to pay the claim or loan

Example

The campaign still has 10 unpaid claims after filing the nomination contestant's return. Later that year, it receives contributions and uses the funds to pay 8 claims in full and 2 claims in part. Within 30 days, the financial agent files an updated return to report the contributions and final payment of the 8 claims. The next year, it receives a transfer from the candidate's campaign and makes the final payments on the last 2 claims. The financial agent files another updated return within 30 days.

Note: A campaign with many unpaid claims may wish to pay them in groups so that it can submit fewer updates. It cannot wait until the end of the 36 months to report on all final payments made since the return was filed.

Repaying claims and loans after 36 months

If a claim or loan is still unpaid 36 months after the selection date (or election day—see note above):

- the financial agent or nomination contestant has to seek authorization from Elections Canada or a judge before paying it
- after the final payment of the claim or loan, the financial agent has to file an updated *Nomination Contestant's Campaign Return* within 30 days of the payment
- the updated return must indicate the source of funds used to pay the claim or loan

Elections Canada may impose any terms or conditions it considers appropriate on the authorized payment.

Requesting authorization for a payment

The following persons may submit a written application to be paid or to pay a claim or loan later than 36 months after the selection date (or election day—see note above):

- the claimant or lender
- the financial agent
- the nomination contestant

The application should be made using the *Request for Authorization to Pay an Unpaid Claim or Loan* form on the Elections Canada website.

The request should include the campaign's bank account statement, showing that the campaign has sufficient funds to make the payment.

Reporting unpaid claims and loans

The nomination contestant's campaign will have to provide different updates on the status of payments if the campaign has unpaid claims or loans after filing the original *Nomination Contestant's Campaign Return*.

For details about reporting unpaid claims and loans, see the *Additional reporting* table in Chapter 13, **Reporting**.

15. Disposing of Surplus

This chapter explains what a surplus of campaign funds is, the rules for disposing of a surplus after all financial obligations have been met, and how to report the disposal. It covers the following topics:

- What is a surplus?
- Sale of capital assets
- Notice of surplus from Elections Canada
- If the financial agent is aware of a surplus
- How to dispose of a surplus
- Nomination Contestant's Statement of Surplus

What is a surplus?

The surplus amount of nomination campaign funds is the amount by which the contestant's nomination campaign revenues exceed the total of the nomination campaign expenses paid from the campaign bank account and transfers made by the contestant's campaign.

$$\text{Surplus} = \text{Nomination campaign revenues} - (\text{Nomination campaign expenses} + \text{Transfers})$$

The amount of the surplus should equal the money left in the campaign bank account after all the financial obligations have been met.

Nomination campaign revenues	Nomination campaign expenses	Transfers made
<ul style="list-style-type: none"> • Monetary contributions made to the nomination contestant • Any other amount deposited into the campaign bank account that was received by the nomination contestant for their nomination campaign and is not repayable, including bank interest and refunds from suppliers 	<p>For the purpose of calculating the surplus, this includes all expenses paid using funds from the campaign bank account</p>	<p>Any funds the nomination contestant's campaign transfers to:</p> <ul style="list-style-type: none"> • the candidate of the same party in the electoral district where the contest was held • the registered association that held the nomination contest • the registered party

Note: Surplus only relates to transactions that went through the campaign bank account. If some personal or litigation expenses were paid using outside funds, exclude them from the calculation.

Sale of capital assets

A capital asset is any property with a commercial value of more than \$200 that is normally used outside a nomination contest other than for the purposes of a contest.

If the campaign has any capital asset whose acquisition constitutes a nomination campaign expense, the financial agent must sell the asset at fair market value and include the funds in the surplus disposal.

Note: Capital assets must be sold and the funds transferred to a specified political entity. The assets themselves cannot be transferred.

Notice of estimated surplus from Elections Canada

After Elections Canada reviews the nomination contestant's return and pays the auditor's subsidy, it may determine that the nomination contestant has a surplus of campaign funds. Elections Canada sends a notice about the estimated amount of the surplus to the nomination contestant's financial agent.

The financial agent has to dispose of the surplus within 60 days of receiving the notice.

If the financial agent is aware of a surplus

If the financial agent is aware of a surplus of campaign funds but has not yet received a notice from Elections Canada, the financial agent has to dispose of the surplus within 60 days after filing the *Nomination Contestant's Campaign Return*.

How to dispose of a surplus

Surplus nomination campaign funds have to be transferred to:

- the official agent of the candidate endorsed by the registered party in the same electoral district
- the registered association that held the nomination contest, or
- the registered party

The financial agent has to report the disposal by submitting the *Nomination Contestant's Statement of Surplus / Amended Campaign Return* within seven days after disposing of the surplus.

Note: The statement of surplus must be filed even if a *Nomination Contestant's Campaign Return* was not required for the campaign.

The financial agent might also use this form to report financial transactions that occurred since the original contestant's return was submitted. Elections Canada will treat new transactions reported in the *Nomination Contestant's Statement of Surplus / Amended Campaign Return* as a request to correct or revise the *Nomination Contestant's Campaign Return* and will update the return accordingly.

Note: Elections Canada publishes the notice referring to the disposal of the surplus on its website.

For details about closing the nomination contestant's campaign, please see *Closing the nomination contestant's campaign* in Chapter 1, **Reference Tables and Timelines**.