

Ottawa's Anti-Church Tax Plan Would Punish the Poor

By Anna Farrow

When Parliament's finance committee slipped Recommendation #430 into its 2025 pre-budget report, few noticed. Yet the clause proposing to delete "advancement of religion" from Canada's definition of charity could transform the country's social landscape. If adopted, every church, synagogue, mosque and temple would be taxed like a business and lose its authority to issue receipts to donors.

Canada's churches are already struggling with shrinking congregations, ageing volunteers, and rising costs. To remove their tax exemption now would be a mortal blow. It would also sever one of the oldest links between faith and public welfare – one that predates the welfare state itself.

For centuries, religious orders fed the hungry, cared for the sick and taught the young, long before governments entered these fields. Their charitable status simply acknowledges this legacy. To revoke it is to forget that most of Canada's social infrastructure – from the first hospitals and universities to today's shelters and food banks – sprang from faith-based work.

Even in a secular age, churches remain the backbone of the

voluntary sector. According to Statistics Canada, they still attract \$4.9 billion in annual donations – nearly triple the total raised by health charities. Congregations fund refugee sponsorships, addiction programmes, soup kitchens and emergency shelters. In Toronto, for example, St. Patrick’s “Street Patrol” volunteers have served food and friendship to the homeless for 30 years. “The food lets us in,” founder Lucio Abbruzzese explains.



The Halo Project, a national study by the think-tank Cardus, calculated the community impact of such work. For every dollar spent by a typical Canadian congregation, the surrounding neighbourhood receives \$3.39 in socio-economic benefits – about \$2.8 million per church annually. Extrapolated across the country, the total value exceeds \$18 billion. By contrast, the estimated extra tax revenue from cancelling churches’ exemptions would be just \$1.7 billion. Ottawa would gain a dime while communities lose a dollar.

Proponents claim the change would ensure “neutrality” between religion and non-religion. The British Columbia Humanist Association, whose brief inspired Recommendation #430, argues that recognising religious charities privileges “theistic

viewpoints.” Yet this logic confuses equality with sameness. True neutrality does not mean erasing difference; it means allowing diverse visions of the common good to coexist.

Faith communities are not lobbying machines for superstition. They are among the most efficient service providers in the country. Statistics Canada notes that the most active Canadian volunteers are either university-educated or religious – and that the latter donate most of their hours to non-religious causes. Churches generate civic energy that governments cannot replicate and money cannot buy.

The push to dismantle their charitable standing arrives at a dangerous fiscal moment. The 2025 budget showed a deficit of more than \$78 billion. When the federal Liberals last faced similar red ink in 1995, they slashed transfers to the provinces and welfare programmes nationwide. Churches stepped in to fill the void. If Ottawa again cuts social spending while simultaneously taxing the very organisations that cushion the poor, the results will be catastrophic.

Behind this campaign lies a growing hostility to faith itself. Secular activists increasingly portray religion as a private hobby unworthy of public support. But faith has never been merely private. It binds people together, mobilizes them to serve, and animates civic life. Treating religion as brunch – with tax – betrays ignorance of what it actually does.

Cardus president Brian Dijkema warns that removing churches’ charitable status would “create a significant reduction in the capabilities of religious communities to serve the common good.” The numbers bear him out. To forfeit \$18 billion in local benefit for a \$1.7 billion tax windfall is the fiscal equivalent of selling the seed grain.

Recommendation #430 may seem like a technical amendment, but its consequences would be profound. It would end four centuries of legal recognition that religion, whatever one’s

beliefs, contributes to the public good. In the process, it would weaken the country's most resilient network of compassion just as Canadians may need it most.

Budget 2025 at least, appears to have sidestepped the issue. But although the immediate danger has passed, the underlying anti-religious animus will not be going away anytime soon. Continued vigilance is required.

If the federal government truly wants to help balance the books, it should start by counting properly. The math of charity isn't measured in taxes owed, but in lives sustained.

The original, [full-length version of this article](#) was recently published in [C2C Journal](#).

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