



This document is Elections Canada's guideline OGI 2024-01.

Political Financing Handbook

for Leadership Contestants and Financial Agents

August 2024

EC 20195



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About This Document

Introduction to the handbook

This handbook is designed to help leadership contestants, their financial agents and their leadership campaign agents in the financial administration of the leadership 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: In this handbook, the term “individual” refers to a Canadian citizen or permanent resident when used in the context of contributions or loans.

What's new in this release?

Release	Where	Title	Summary
August 2024	All	n/a	Contribution limits for 2024 updated in tables and examples.
	Chapter 1	Important reminders for leadership contestants, financial agents and leadership campaign agents	Reminders were simplified and reformatted.
	Chapter 3	Accepting and recording contributions	Clarified that a contributor's business address cannot be recorded in place of their home address.
		Remitting anonymous contributions that cannot be accepted Returning ineligible or non-compliant contributions	Added the option to remit contributions by bank transfer.
		Directed contributions Registered party's retention of a directed contribution	Added details on the treatment of directed contributions that the party withholds, in whole or in part, to cover leadership campaign expenses.
	Chapter 5	Transfers sent to the leadership contestant's campaign	Clarified what it means for property or services to be “offered equally.”
	Chapter 7	Regulated fundraising events	Added details on reporting an event location and returning contributions, as per OGI 2022-04, <i>Disclosing the Location of a Regulated Fundraising Event</i> and 2023-01, <i>Regulated Fundraising Events</i> .
	Chapter 8	What are leadership campaign expenses?	Clarified that campaign funds cannot be used to pay certain penalties.

Release	Where	Title	Summary
	Chapter 9	Voter databases, surveys and research Parliamentary database of a member of Parliament	New position that use of existing voter database software is a leadership contest expense. Added content as per OGI 2022-03, <i>Voter Databases and Election Expenses</i> .
		Cell phones	New position that only the incremental cost to use a personal cell phone during a contest may be a leadership contest expense.
		Campaign workers and related expenses	Added content on providing gift cards to cover incidental expenses.
	Chapter 13	Activities to close out the campaign	New section on the treatment of closing activities as other leadership campaign expenses.
	Chapter 14	Supporting documents	New section on documents that must be submitted with financial returns.
	Chapter 16	If the financial agent is aware of a surplus	Section deleted because it is not used in practice.

Contact information

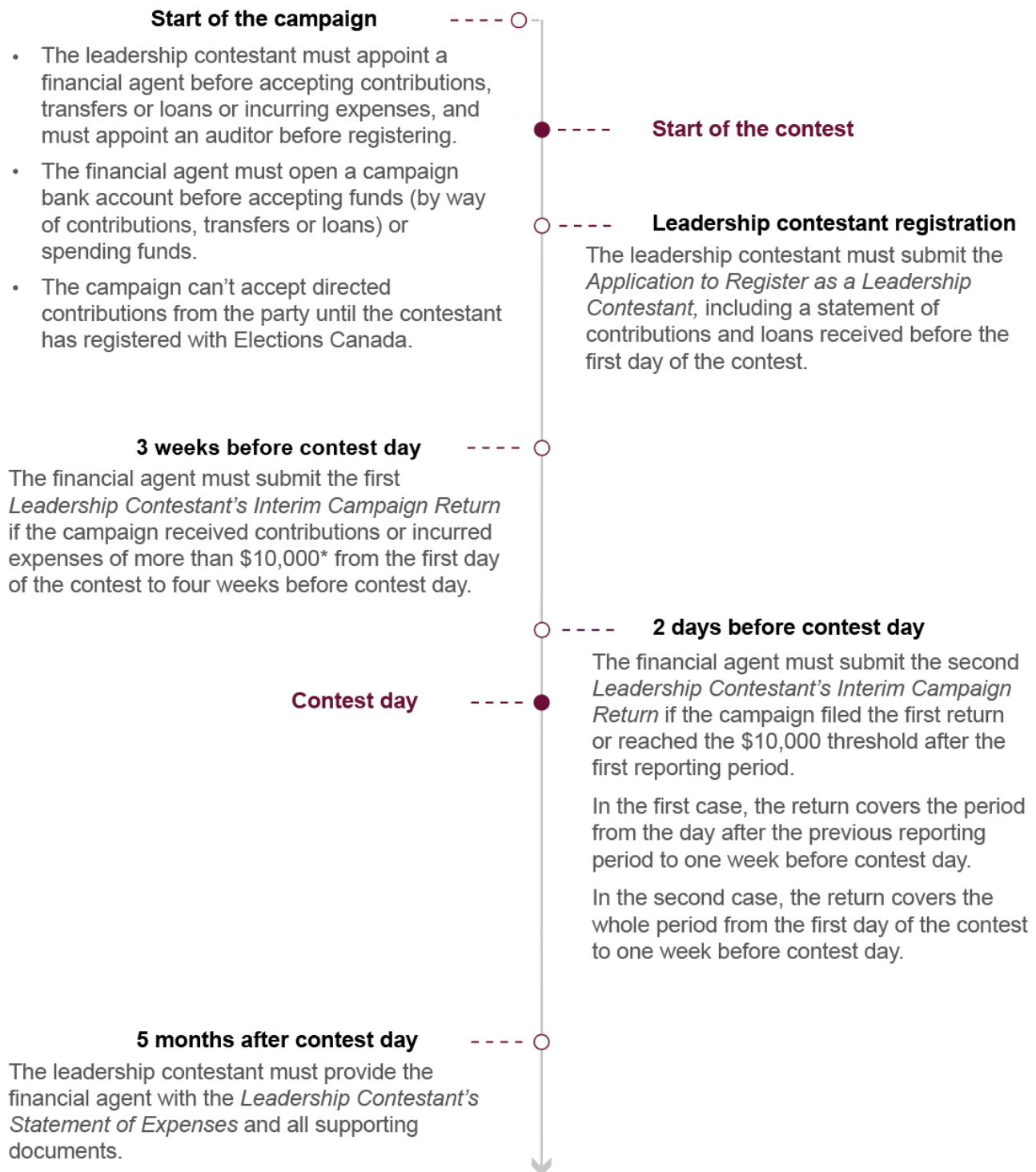
Website	elections.ca
Political Entities Support Network	<p>Telephone 1-800-486-6563 TTY: 1-800-361-8935</p> <p>Email Political financing and registration questions: political.financing@elections.ca</p> <p>Portal and election support: csep-pesc@elections.ca</p> <p>Regular hours Monday to Friday, 9:00 a.m. to 5:00 p.m. (Eastern time)</p>
Elections Canada General Enquiries	<p>Telephone 1-800-463-6868 TTY: 1-800-361-8935</p>
Mail	30 Victoria Street Gatineau, Quebec K1A 0M6

1. Reference Tables and Timelines

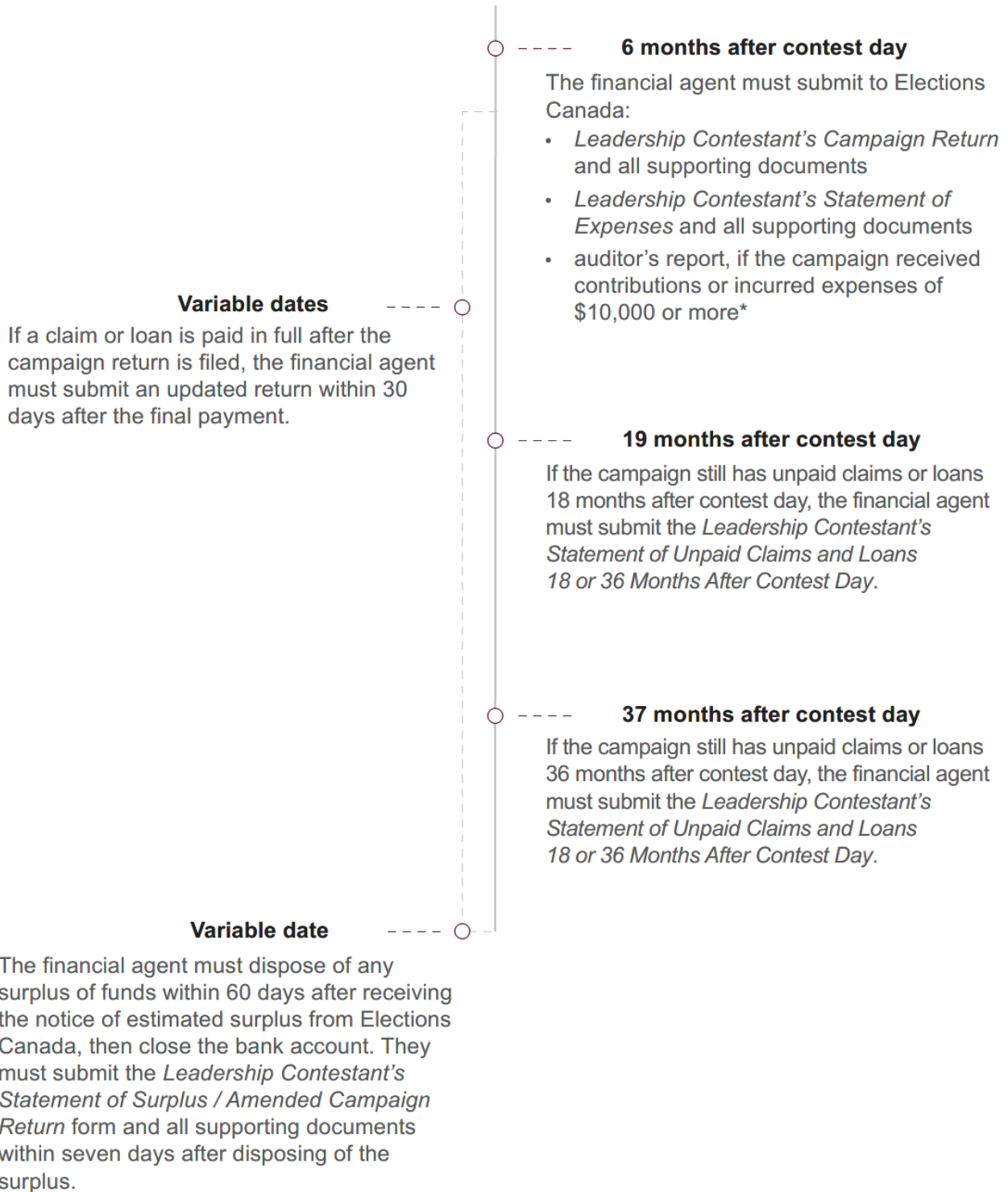
This chapter presents quick reference tools for leadership contestants and financial agents. It covers the following topics:

- *Important deadlines for the leadership contestant's campaign*
- *Limits on contributions, loans and loan guarantees*
- *Transfers—types and rules*
- *Important reminders for leadership contestants, financial agents and leadership campaign agents*

Important deadlines for the leadership contestant's campaign



*Transfers that the campaign sends to affiliated political entities are not leadership campaign expenses.



*Transfers that the campaign sends to affiliated political entities are not leadership campaign expenses.

Limits on contributions, loans and loan guarantees

Limits on contributions, loans and loan guarantees		
Political entity	2024 annual limit	Limit per election called between Jan. 1 and Dec. 31, 2024
To each registered party	\$1,725*	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,725*	n/a
In total to all leadership contestants in a particular contest	\$1,725*	n/a
To each independent candidate	n/a	\$1,725*

Notes

- Only individuals who are Canadian citizens or permanent residents can make contributions.
- 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 exceed the contribution limit at any time during the relevant contribution period.
- 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 \$1,725* 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 \$1,725* 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 leadership contestants, financial agents and leadership campaign agents

This infographic presents some of the basic rules for a leadership contestant's campaign.



Roles Within Your Campaign

- ✓ Appoint a financial agent before doing any financial transactions and an auditor before registering with Elections Canada. You can choose to appoint leadership campaign agents anytime.
- ✓ Replace the financial agent or auditor without delay if they can't continue in their role.
- ✓ Check the eligibility rules in Chapter 2 before appointing or replacing your agents or auditor.
- ✓ Different people can incur and pay different types of expenses. Check the rules in Chapter 8 before entering into contracts or spending funds.
- ✓ Only the financial agent and leadership campaign agents can accept contributions and send or accept transfers.



Bank Account

- ✓ The financial agent must open a separate bank account for the leadership campaign.
- ✓ The bank account can be opened before the leadership contest is called.
- ✓ Every monetary transaction must go through the bank account, except some payments of litigation and personal expenses.



Contributions and Other Resources

- ✗ Don't accept contributions:
 - from any source other than a Canadian citizen or permanent resident
 - over an individual's contribution limit
 - in cash over \$20
- ✓ Issue receipts for contributions over \$20, except for directed contributions received through your registered party.
- ✗ Don't accept directed contributions from your party before registering with Elections Canada.
- ✓ Different sources can give different amounts of loans and loan guarantees. Check the rules in Chapter 4 before accepting loans or guarantees.
- ✗ Don't accept transfers from the registered party or a registered association, except property or services that are offered equally to all contestants or directed contributions from the party.



Record Keeping

- ✓ For any expense under \$50, keep proof of payment plus a record of the nature of the expense.
- ✓ For any expense of \$50 and over, keep a copy of the invoice (or other document evidencing the expense) and proof of payment.
- ✓ Save electronic bank statements and other paperless records that you might lose access to later.
- ✓ Check Chapter 14 for the full list of supporting documents to keep.



Reporting During the Contest

- ✓ When registering, your campaign has to submit a statement of contributions and loans received before the contest started.
- ✓ Your campaign has to submit interim returns:
 - 3 weeks before contest day (first return)
 - 2 days before contest day (second return) if you reached more than \$10,000 in contributions or expenses, starting from the first day of the contest.
- ✗ The filing deadlines for interim returns can't be extended.



Reporting After Contest Day

- ✓ Your campaign has to submit reports:
 - 5 months after contest day (contestant's statement of expenses to the financial agent)
 - 6 months after contest day (financial return, contestant's statement of expenses and, if required, auditor's report)
 - 19 and 37 months after contest day (if you have unpaid claims and loans)
 - within 30 days after paying a claim or loan in full (updated financial return)
- ✓ Submit an auditor's report only if you reached \$10,000 in contributions or expenses.
- ✓ Submit supporting documents with your returns.
- ✓ Check Chapter 14 for details on reporting.



Closing Out the Campaign

- ✓ If you have unpaid claims and loans, pay them within 36 months after contest day.
- ✗ Don't pay a claim or loan past 36 months unless you have authorization from Elections Canada or a judge.
- ✓ Close the bank account after completing all financial transactions.
- ✓ Within 60 days after receiving a notice of surplus funds from Elections Canada:
 - dispose of the surplus to an eligible political entity and notify Elections Canada within 7 days
 - close the bank account and send the final bank statement to Elections Canada

2. Starting and Closing the Leadership Campaign

This chapter describes the steps to start and close a leadership contestant's campaign. It covers the following topics:

- *Starting the leadership contestant's campaign*
- *Roles and appointments—financial agent, leadership campaign agents and auditor*
- *Withdrawal of a leadership contestant*
- *Closing the leadership contestant's campaign*

Starting the leadership contestant's campaign

The steps to starting the leadership contestant's campaign are presented below in their most common order. Some steps are mandatory and have to be done before others.

1. Party gives notice of a leadership contest

If a registered party decides to hold a leadership contest, the party's chief agent has to notify Elections Canada about the start and end dates using the *Registered Party's Leadership Contest Report*.

Elections Canada publishes a notice with that information on its website.

2. Check the eligibility rules

The registered party sets the requirements that any person must meet to be a leadership contestant.

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

- auditors of candidates, nomination contestants, leadership contestants, registered parties, electoral district associations or third parties registered for a pre-election period
- financial agents of leadership contestants or third parties registered for a pre-election period
- leadership campaign agents

3. Appoint financial agent and auditor

The leadership contestant must appoint a financial agent before:

- accepting a contribution, loan or transfer
- incurring a leadership campaign expense
- filing the application for registration

The leadership contestant must also appoint an auditor before filing the application for registration.

4. Open bank account

The financial agent has to open a separate bank account to be used exclusively for the contestant's campaign. This could happen before or after the contestant's registration.

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".

Note: The *Access to Banking Services by a Leadership Contestant's Financial Agent* package, available on the Elections Canada website, provides information and a template memorandum from the contestant to facilitate opening a campaign bank account.

All monetary transactions in relation to the campaign have to go through the campaign bank account, except when personal or litigation expenses are paid directly by a person or group using non-campaign funds (see chapters 10 and 12).

Keep a copy of all bank statements, either paper or digital, for submission to Elections Canada after the contest.

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

5. Start incurring expenses and accepting contributions, loans or transfers

The campaign can start incurring expenses and accepting contributions, loans and non-monetary transfers (offered equally to all contestants) before the start date of the leadership contest, as long as the contestant has a financial agent and a bank account.

However, the contestant has to be registered with Elections Canada (see next step) to accept directed contributions from the party.

6. Register with Elections Canada

To apply for registration, the contestant has to fill out the *Application to Register as a Leadership Contestant* and send it to Elections Canada.

The form explains what information and signatures to include, notably:

- the financial agent's contact information and signed consent to act in that role
- the auditor's contact information and signed consent to act in that role
- a declaration signed by the chief agent of the registered party, certifying that the party accepts the applicant as a leadership contestant
- a statement of contributions and loans received before the first day of the contest

From a political financing perspective, once a contestant is registered, they are deemed to have been a leadership contestant from the date a contribution or loan was accepted or a leadership campaign expense was incurred.

Role and appointment process—financial agent

Leadership 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		✗
Leadership 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 full 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)		✗
Appointment process		
<ul style="list-style-type: none"> The contestant has to appoint a financial agent before accepting contributions, loans or transfers, incurring leadership campaign expenses or applying for registration. The financial agent has to sign a statement consenting to act in that capacity. A financial agent who steps down from their role should notify the contestant so that the contestant can appoint a replacement. 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. Use the <i>Application to Register as a Leadership Contestant</i> to report the initial appointment. Use the form <i>Leadership Contestant's Changes to Registry Information</i> to report future updates. 		

Role and appointment process—leadership campaign agents

Leadership contestant's leadership campaign agents		
Role summary		
<ul style="list-style-type: none"> Leadership campaign agents may be authorized by the leadership contestant to do one or more of the following: <ul style="list-style-type: none"> accept contributions or loans accept or send transfers incur or pay leadership campaign expenses issue contribution receipts, other than for directed contributions received through the party 		
Who is eligible?	Yes	No
Canadian citizen who is at least 18 years old	✓	
Corporation or partnership		✗
Leadership 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 full 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)		✗
Appointment process		
<ul style="list-style-type: none"> The appointment of leadership campaign agents is optional. The leadership contestant may appoint any number of leadership campaign agents at any time. Within 30 days of appointing one or more agents, the campaign has to send Elections Canada: <ul style="list-style-type: none"> the names and addresses of the new leadership campaign agents the terms and conditions of the appointments certification of the appointments by the financial agent Use the <i>Application to Register as a Leadership Contestant</i> to report appointments that are made before registration. Use the form <i>Leadership Contestant's Changes to Registry Information</i> to report future appointments or updates. 		

Role and appointment process—auditor

Leadership contestant's auditor		
Role summary		
<ul style="list-style-type: none"> If the campaign accepts contributions totalling \$10,000 or more, or incurs leadership 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 accredited 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 accredited 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		✗
Financial agent or 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		✗
Appointment process		
<ul style="list-style-type: none"> The leadership contestant has to appoint an auditor before applying for registration. 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 without delay and notify Elections Canada within 30 days. The notice has to include a signed consent from the new auditor. The contestant may have only one auditor at a time. An auditor who steps down from their role should notify the contestant so that the contestant can appoint a replacement. Use the <i>Application to Register as a Leadership Contestant</i> to report the initial appointment. Use the form <i>Leadership Contestant's Changes to Registry Information</i> to report future updates. 		

*Provincially or territorially legislated accounting bodies may require auditors to meet other professional criteria in order to perform this role, such as holding a public accounting licence in the province or territory where the political entity is based. This should be discussed with the auditor before the appointment.

Withdrawal of a leadership contestant

Voluntary withdrawal

If the leadership contestant chooses to withdraw from the contest after registration, the contestant has to send a signed statement to Elections Canada indicating the date of withdrawal.

This should be done using the form *Leadership Contestant's Notice of Withdrawal*.

Involuntary withdrawal

If the registered party withdraws its acceptance of a leadership contestant after their registration, the party's chief agent has to send a signed statement to Elections Canada indicating the date of withdrawal.

This should be done using the form *Registered Party's Withdrawal of Acceptance of a Leadership Contestant*.

Reporting requirements after withdrawal

Registered leadership contestants who withdraw or are withdrawn still have to fulfill the reporting requirements up to the date of withdrawal.

They must submit the *Leadership Contestant's Campaign Return* to Elections Canada, but they are relieved of filing the *Leadership Contestant's Interim Campaign Return* for any period after the withdrawal.

For details about financial reporting, see Chapter 14, **Reporting**.

Example

A leadership contest is being held on July 31. The first interim campaign return is due three weeks before the end of the leadership contest, on July 10. A leadership contestant withdraws on July 9. The contestant does not have to file any interim campaign returns but must still file the final campaign return.

Note: After the contestant withdraws, the campaign can continue accepting contributions to satisfy any outstanding financial obligations.

Regulated fundraising events after withdrawal

Registered leadership contestants who withdraw or are withdrawn from a contest continue to be prominent attendees at regulated fundraising events, during and after the contest period, until they have fulfilled their reporting obligations.

For more information on these events and disclosure requirements, see the section **Regulated fundraising events** in Chapter 7, **Fundraising**.

Closing the leadership contestant's campaign

The steps to closing the leadership contestant's campaign are presented below in their most common order. Some steps may have to be done more than once.

1. Fulfill reporting obligations

The leadership contestant's campaign must fulfill all reporting obligations before it can close the campaign.

See the **Reporting obligations after contest day** and **Additional reporting** tables in Chapter 14, **Reporting**.

2. Receive auditor's subsidy (if applicable)

If the campaign has to submit an auditor's report, Elections Canada will pay a subsidy directly to the auditor once it has received all documents and reviewed the contestant's return.

See the **Auditor's fees** section in Chapter 13, **Other Leadership Campaign Expenses**.

3. Manage unpaid claims and loans

Claims and loans must be paid within 36 months after contest day. An updated campaign return must be submitted within 30 days after the final payment of a claim or loan.

If a claim or loan is still unpaid 36 months after contest day, the financial agent or the contestant has to seek authorization from Elections Canada or a judge before paying it.

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

4. File amended return(s)

An amended contestant's return has to be filed with Elections Canada to correct errors or omissions, or to report new transactions.

Corrections or revisions might be requested by Elections Canada, or by the contestant or financial agent.

See the **Additional reporting** table in Chapter 14, **Reporting**.

5. Dispose of surplus

After all financial obligations have been met, the campaign must dispose of any surplus of funds (including from the sale of its capital assets) and fulfill the surplus reporting obligations.

The surplus must be transferred to the registered party or a registered association of the party.

See Chapter 16, **Disposing of Surplus**.

6. Close bank account

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.

The financial agent has to send the final bank statement to Elections Canada.

3. 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, and what is commercial value?
- Who can contribute to whom and how much?
- Are volunteer labour, sponsorship or advertising contributions?
- What are the rules for contribution receipts, anonymous contributions and ineligible contributions?
- What are directed contributions, and how are they reported?

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 payments (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.

Note: Leadership contestants can receive contributions in two ways: directly to the leadership campaign or as “directed contributions” through the party. See the **Directed contributions** section below for more information

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. While individuals can make multiple non-monetary contributions over time that are deemed to be nil, they cannot attempt to circumvent the contribution rules using this provision.

Examples

1. David, who is not in the business of renting office supplies, lends chairs and tables to the leadership campaign. 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 furniture 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 leadership 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. It is prohibited for a person or entity to circumvent, or attempt to circumvent, the eligibility rules or contribution limits.

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

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

Limits on contributions, loans and loan guarantees to a leadership contestant	
Political entity	2024 annual limit
In total to all leadership contestants in a particular contest	\$1,725*
Notes <ul style="list-style-type: none">• Only individuals who are Canadian citizens or permanent residents can make contributions.• 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 exceed the contribution limit at any time during the relevant contribution period. <p>There is an exception to the limits on contributions:</p> <ul style="list-style-type: none">• 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 \$1,725* in total per year in contributions, loans and loan guarantees to other leadership contestants. <p>*The limits will increase by \$25 on January 1 in each subsequent year.</p>	

Examples

1. Indra makes a \$1,000 monetary contribution to a leadership contestant in March. The next month, she makes a non-monetary contribution with a commercial value of \$725 to the same contestant. Indra has now reached the limit for contributions to all leadership contestants in that contest for the year.
2. A leadership contest is called in February and Max immediately contributes \$400 to a leadership contestant. In March, Max lends \$1,325 to another contestant in the same contest. Max has now reached the limit and cannot make any further contribution, loan or loan guarantee to any of the leadership contestants in that contest during the year until loan repayments are made.

Note: These examples use the limits in effect for 2024.

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, though individual employees or members can independently choose to volunteer.

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 leadership contestant's campaign in the evenings, making phone calls to party members. This is volunteer labour and is therefore not a contribution.
2. Alex, a self-employed graphic designer, offers to design a flyer for the leadership 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 leadership 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.

For work performed during the contest period, compensation is almost always a leadership contest expense. Before the contest period, it is occasionally a leadership contest expense. It is never a leadership contest expense after the contest period. Please see **Campaign workers and related expenses** in Chapter 9, **Leadership Contest Expenses**, for details on timing of work and expense reporting.

If the campaign gives monetary compensation (other than nominal gifts) to volunteers without a prior agreement being in place, it will be considered an inappropriate use of campaign funds that would need to be returned.

Leadership contestants cannot pledge to pay their volunteers or pay an honorarium on condition that the campaign has sufficient funds after the contest. This would constitute a gift rather than compensation and be subject to the \$200 nominal gifts threshold (see the next section).

An invoice is required for payments of \$50 and over, setting out the nature of the expense. Because compensation expenses can vary widely, it is advisable to also have a written agreement or other documentation about a volunteer's compensation to support all amounts being reported. Failure to adequately support the expenses may result in follow-up enquiries by Elections Canada auditors. In the absence of evidence, the payments may be considered an inappropriate use of campaign funds that would need to be returned.

Note: If the campaign pays its workers, it may have to issue T4 or T4A slips to them for income tax purposes. See the Canada Revenue Agency website for more information.

Examples

1. Sam works full-time as an administrative officer on the staff of a member of Parliament. When the member runs in a leadership contest, in order to volunteer for the campaign, Sam takes an unpaid leave of absence (or paid, if the leave was earned under regular terms of employment that do not specify leave for the purpose of helping a political entity). The contestant offers Sam a fixed amount of \$1,000 for the hours he will work during the contest period. The financial agent puts this agreement in writing at the start of the campaign, and the amount is a leadership contest expense that has to be reported.
2. Suzanne is being paid to manage a leadership 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 leadership contest expenses that have to be reported. The volunteer labour is not reported.
3. The financial agent pledges to give Saul, a volunteer who works every day, \$700 if the campaign has money left at the end of the contest. If the financial agent makes this payment, which was conditional on sufficient funds, it is not compensation but a gift that is subject to the \$200 nominal gifts threshold. The payment over \$200 is an inappropriate use of campaign funds that would need to be returned.

Nominal gifts and thank-you parties

The leadership contestant's campaign can give each volunteer nominal gifts up to a total value of \$200 and throw a thank-you party without this being considered compensation. The nominal gifts can be monetary, such as an honorarium, or non-monetary. The associated costs are other leadership campaign expenses.

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

Keep in mind that capital assets valued over \$200 that the campaign no longer needs cannot be given as gifts. They must be sold as part of the surplus disposal.

Examples

1. 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 leadership campaign expense.
2. The financial agent decides to give a volunteer, Saul, \$200 at the end of the contest. This is an acceptable nominal gift (and is the maximum that Saul can receive in total gifts from the campaign). The \$200 is an other leadership campaign expense.

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 leadership 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 leadership contestant. The campaign does not ask corporations or unions to sponsor a hole because only individuals can make contributions.

Accepting and recording contributions made directly to the campaign

Only the financial agent and authorized leadership campaign agents can accept contributions made directly to the leadership contestant's campaign.

The tables below summarize some important points about accepting and recording contributions received in different scenarios.

Where a home address is required below, please note the following:

- A mailing address can be accepted if it is the address that the contributor regularly uses to receive mail for their household (for example, a general delivery address in a rural area).
- An address that is both the contributor's home and business address is valid as a home address.
- The campaign does not have to validate each address, but it should specifically request a home address from contributors. This will limit the issues that may need to be resolved when Elections Canada audits contributions.

Contribution range	What to keep in mind
\$20 or less	<ul style="list-style-type: none"> • It can be accepted as an anonymous contribution.
Over \$20 and up to \$200	<ul style="list-style-type: none"> • The contributor's full first and last names must be recorded. Initials cannot be accepted. • A contribution receipt must be issued.
Over \$200	<ul style="list-style-type: none"> • The contributor's full first and last names must be recorded. Initials cannot be accepted. • The contributor's home address must be recorded. A business address cannot be accepted in its place. • A contribution receipt must be issued.
<p>Note: When contributions from an individual to a particular contestant reach a total of over \$200 for the contest, their name, partial address and contribution amounts disclosed in the financial return will be published on the Elections Canada website.</p>	

Contribution method	What to keep in mind
By e-transfer	<ul style="list-style-type: none"> • If only the contributor's name is available in the bank record, contact the individual for other required information.
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 other leadership campaign expense. <p>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 leadership campaign expense of \$10.</p>
Untraceable instrument	<ul style="list-style-type: none"> • We recommend that campaigns only accept contributions made by way of a traceable instrument. • A campaign may wish to reject contributions made by money order, bank draft or prepaid credit card, unless it is confident of the contributor's identity and that the contributor has used their own funds.

Contribution source	What to keep in mind
Joint bank account (cheque)	<ul style="list-style-type: none"> • It is 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.
Joint bank account (credit card)	<ul style="list-style-type: none"> • Where a contribution is made by credit card, and the credit card balance will be paid from a joint bank account, the contribution is generally reported under the name of the cardholder. • A contribution can be made on the same credit card by a person who shares the joint bank account but is not the named cardholder. However, the campaign should get certification that the contributor is using their own funds (for example, by adding a checkbox with this certification to its online contribution system).
Partnership	<ul style="list-style-type: none"> • The partnership has to provide the following information in writing: <ul style="list-style-type: none"> - name and home address 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 should reduce their next draw of income from the partnership by the amount of their contribution.
Unincorporated sole proprietor	<ul style="list-style-type: none"> • It must be recorded in the individual's name (not the business name), using the contributor's home address when an address is required.

Accepting contributions of cryptocurrency

A contribution of cryptocurrency is non-monetary.

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 2019-12, *Cryptocurrencies*, on the Elections Canada website.

Issuing receipts for contributions made directly to the campaign

A receipt has to be issued for each monetary contribution over \$20 or non-monetary contribution over \$20 that is not deemed nil.

Contribution made directly to the contestant's campaign	Monetary contribution directed through the registered party
Only the financial agent or authorized leadership campaign agents can issue the receipt. The contribution is not eligible for a tax receipt.	Only the registered party can issue the receipt. The contribution is eligible for a tax receipt. See the Directed contributions section below for more information.

We recommend that the financial agent use Elections Canada's Electronic Financial Return (EFR) software to issue receipts. EFR is free and can be accessed from the Political Entities Service Centre.

Example

Clara makes a \$300 contribution directly to Marcel's leadership campaign when he announces his intention to run. After Marcel registers as a contestant, Clara contributes another \$700 to his campaign by directing the contribution through the registered party. Clara has made a total of \$1,000 in contributions to the leadership contestant. She receives a receipt for \$300 from Marcel's campaign, which is not valid for tax purposes, and a receipt for \$700 from the registered party, which is valid for tax purposes.

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 or another authorized 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, an authorized leadership campaign agent or, if it is a directed contribution, an authorized party 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 or party 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, 2023, Lucy goes to a meet and greet for the leadership contestant and gives a cheque in the amount of \$300, dated for the previous day. The financial agent deposits the cheque on January 10, 2024. The contribution is made on December 23, 2023. The financial agent issues a receipt for 2023, and the amount counts toward Lucy’s 2023 contribution limit.
2. Hassim makes an e-transfer to the leadership contestant’s campaign on December 23, 2023, but the financial agent does not process the amount until January 10, 2024. The contribution is made on December 23, 2023. The financial agent issues a receipt for 2023, and the amount counts toward Hassim’s 2023 contribution limit.
3. The financial agent receives a cheque from Janelle in the mail on January 5, 2024. The cheque is dated December 28, 2023, and the postmark on the envelope is December 30, 2023. The contribution is made on December 30, 2023. The financial agent issues a receipt for 2023, and the amount counts toward Janelle’s 2023 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 leadership 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 or an authorized leadership campaign 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 or a leadership campaign 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 or an authorized leadership campaign 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 the ineligible amount (that is, the amount over \$20 or \$200) without delay to Elections Canada.

Contributions can be remitted to Elections Canada by cheque payable to the Receiver General for Canada (by mail to 30 Victoria Street, Gatineau, Quebec, K1A 0M6) or by bank transfer. To send a bank transfer, contact Elections Canada's Political Entities Support Network for account information and instructions.

Ineligible contributions

The financial agent and the leadership campaign agents are 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 leadership contestant cannot accept a contribution that was a condition for a candidate to buy signs from a local dealer for an election)

Returning ineligible or non-compliant contributions

The financial agent or authorized leadership campaign agents 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 (or the excess amount of an over-the-limit 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. If the contribution is unused, it is returned to the contributor. If it was used or is impossible to return, it is remitted to Elections Canada.

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.

Contributions can be remitted to Elections Canada by cheque payable to the Receiver General for Canada (by mail to 30 Victoria Street, Gatineau, Quebec, K1A 0M6) or by bank transfer. To send a bank transfer, contact Elections Canada's Political Entities Support Network for account information and instructions.

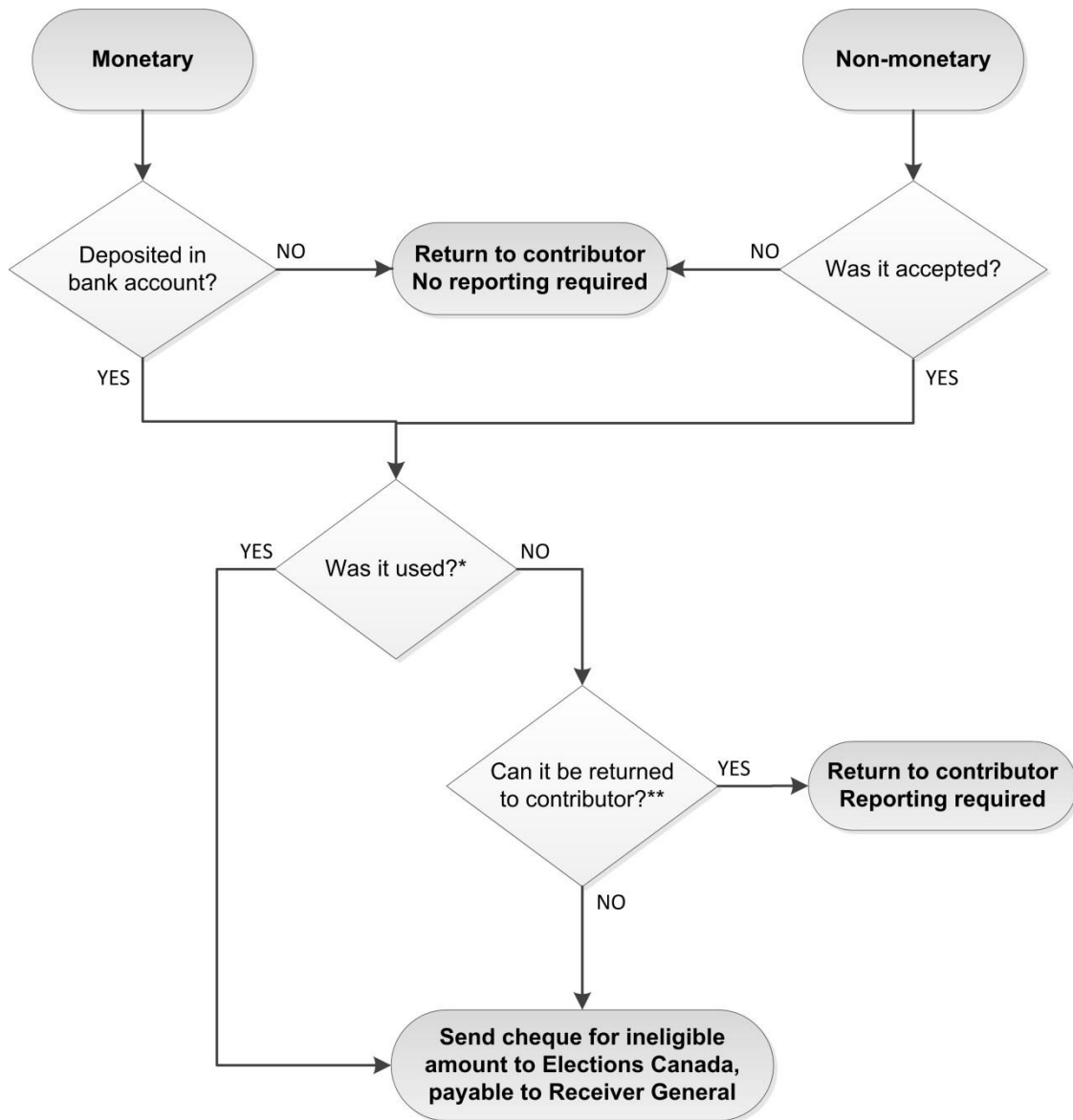
Flowchart 1 explains how to administer ineligible or non-compliant contributions in different scenarios.

Examples

1. The financial agent deposits a cheque for \$750 from a contributor. When he enters the contribution in the books, he notices that the same person has already contributed \$1,000 in the form of a directed contribution. 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 \$1,775, 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 \$50 to Elections Canada, payable to the Receiver General for Canada. He records a contribution of \$1,725, a returned contribution of \$50 and a leadership contest expense of \$1,775.
4. The financial agent for Marta, a leadership contestant, receives a notice from Elections Canada a couple of months after the reporting deadline. It states that a person who contributed \$1,000 to Marta and another contestant in the same contest exceeded the annual limit by \$275 with the contribution to Marta. Since the deposit date of the contribution, the campaign's bank account balance had fallen below the ineligible amount of \$275 and the funds were therefore used. The financial agent must remit \$275 within 30 days of becoming aware of the contravention. To obtain funds, she could organize a fundraising event. 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 \$275.

Note: These examples use the limits in effect for 2024.

Flowchart 1: Returning ineligible or non-compliant contributions



*A monetary contribution was used if the campaign bank account balance fell below the ineligible or non-compliant 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.

Directed contributions

What is a directed contribution?

A directed contribution is a contribution made to a registered party that the contributor requests, in writing, to have transferred to a particular leadership contestant. It may be one part of a larger contribution—for example, if the contributor decides to send \$2,000, with \$1,000 for the party and \$1,000 directed to a contestant.

The contestant has to register with Elections Canada before the party can transfer a directed contribution to them.

Unlike contributions made from a contributor to a leadership contestant, directed contributions through a registered party are eligible for a tax receipt. The party issues the receipt.

The full amount of a directed contribution is deemed to be a contribution to the contestant's campaign, even if the party retains part or all of the directed amount. The *Canada Elections Act* does not restrict the portion of the directed contribution that may be retained by the party.

Note: The directed contribution is subject to the limit on contributions made to leadership contestants, not the limit on contributions made to the party.

Example

Roger supports Annie's bid to be a party leader. After Annie registers as a leadership contestant, Roger sends a cheque for \$1,000 to the registered party with written instructions to forward the amount to Annie's leadership campaign. The party normally charges a processing fee of \$20 for directed contributions. The chief agent of the party therefore transfers \$980 to the leadership contestant. Annie's financial agent records a directed contribution of \$1,000 and an other leadership campaign expense of \$20. The chief agent of the party issues a tax receipt to Roger for \$1,000, the full amount of his contribution.

Recording directed contributions

The registered party must provide each leadership contestant's campaign with a *Statement of Directed Contributions Received and Transferred to a Leadership Contestant* when it transfers contributions to the campaign. This form includes:

- the name and address of each contributor
- the amount and date of the contribution
- the amount of the directed contribution
- the amount that the party has transferred
- the date of the transfer

The statement sent to the campaign includes only those directed contributions that were transferred, in whole or in part, to the contestant.

When it comes to reporting directed contributions in financial returns:

- the party must report all directed contributions in its financial returns, whether or not it transferred an amount to the contestant
- leadership campaigns report only the directed contributions out of which an amount was transferred to them—campaigns do not report contributions that the party fully withheld, even though those contributions count toward the limit on contributions made to contestants

Registered party's retention of a directed contribution

Parties will often retain all or part of a directed contribution in two situations:

- the party charges a processing fee for directed contributions
- the party withholds part or all of the contribution to cover a contestant's contest fee or other administrative expenses

In rarer situations, parties may choose to retain directed contributions without using them to cover an expense.

Note: The *Canada Elections Act* does not restrict the portion of the directed contribution that may be retained by the party.

The financial agent or an authorized leadership campaign agent must authorize the campaign's expenses that are being paid using withheld contributions. This can be done in advance through an agreement with the party (for example, the campaign can be informed that, by registering for the contest, it agrees to incur a contest fee and processing fees).

When the party withholds an amount to cover a fee or other expense, the party must provide the leadership campaign with an invoice or other document evidencing the expense. There is no expense if the directed contribution was withheld without property or services being provided in return.

As mentioned above, the campaign does not report a **contribution** that is fully withheld. It reports an **expense** in any case where property or a service was provided. The expenses are recorded as having been paid through withheld contributions.

There may be differences in reporting when tickets for a fundraising event are sold through the registered party. For more information, see the section **Ticketed fundraising events > Managing contributions received through ticket sales** in Chapter 7, **Fundraising**.

Note: Expenses paid through withheld contributions count toward the \$10,000 threshold for filing interim returns and an auditor's report.

Example

The leadership campaign has agreed to incur expenses that the party charges for contest entry and contribution processing. During the contest, the following happens:

- The party sends the campaign a *Statement of Directed Contributions Received and Transferred to a Leadership Contestant*, indicating that the party received \$50,000 in directed contributions for the contestant and has transferred \$48,000 to the campaign. The party also sends an invoice showing that \$2,000 was withheld to cover processing fees.
- The campaign later receives an invoice from the party, indicating that an additional \$25,000 in directed contributions were fully withheld to cover the contestant's contest fee. These contributions do not appear on the statement of directed contributions received from the party because they were fully withheld, but there is still an expense to report.

In total, the financial agent reports \$50,000 in directed contributions; \$48,000 in amounts transferred to the campaign; and \$27,000 in other leadership campaign expenses, paid through withheld contributions (\$2,000 for processing fees and \$25,000 for the contest fee). The party reports the full \$75,000 in directed contributions received for the contestant in its own financial return.

4. 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.

Leadership 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.

If the loan does not go straight from the financial institution to the campaign bank account, but instead goes through the contestant as an intermediary, this is not a loan from the financial institution. It is a loan from the contestant. See **Loans from individuals** below.

Note: A financial institution must charge a fair market rate of interest on loans made to leadership 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 \$17,250 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 \$1,725 of the total loan amount.

Note: This example uses the limits in effect for 2024.

Loans from individuals

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 for a particular contest in the calendar year.

If an individual (including the contestant) obtains a personal loan from a financial institution and lends those funds to the campaign, the lender is the individual and not the financial institution. The loan amount would be subject to the individual's contribution limit. When the contestant takes out a loan to fund their campaign, the original personal loan from the financial institution must be guaranteed by their personal property.

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

Example

Khaled made a \$725 contribution to Christine's leadership 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 all leadership contestants in a particular contest.

Note: This example uses the limits in effect for 2024.

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. The term should end no later than three years after contest day.

Demand loan

A demand loan is a loan with no specific payment deadline. It is due whenever the lender demands to be repaid. We recommend that the written loan agreement for a demand loan include a maximum term for the repayment that ends no later than three years after contest day.

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 leadership campaign expense, whether it is paid or accrued.

Interest incurred during the contest period is a leadership contest expense, while interest incurred before or after the contest period is an other leadership 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 contest day. Authorization is not required from Elections Canada or a judge before making these payments.

See Chapter 15, **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.

5. 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 leadership contestant*
- *Transfers sent by the leadership contestant*
- *Party memberships purchased by the leadership contestant's campaign*
- *Irregular transfers*

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 from individuals not in the business of providing that property or service, 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 leadership contestant's campaign

Only the financial agent or leadership campaign agents can accept transfers on the campaign's behalf. The following transfers may be accepted by the leadership 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
- funds in the form of directed contributions from the registered party

Example

The registered party creates a web page on its site for each leadership contestant for use during the contest period. The commercial value of creating the web pages is \$150 per contestant. The party 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 party and a leadership contest expense of \$150.

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

Note: A non-monetary transfer is "offered equally" if the same property or service is offered, even if the commercial value is different for each recipient. For example, the party can offer all leadership contestants free travel to a leadership debate from different parts of the country.

Transfers sent by the leadership contestant's campaign

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

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

- funds to the registered party
- funds to a registered association of the party

Example

After contest day, the financial agent pays all campaign expenses and calculates \$3,000 in surplus funds. The financial agent transfers \$3,000 to a registered association of the party to dispose of the surplus.

Party memberships purchased by the leadership contestant's campaign

Voting in a leadership contest is generally restricted to party members. For this reason, a leadership contestant's campaign will sometimes buy party memberships for its supporters. This is not prohibited by the *Canada Elections Act*. When a leadership campaign pays for memberships, the payment is recorded as a transfer to the registered party.

More commonly, a campaign will collect party membership fees from individuals, deposit the funds into its bank account and then send the funds to the registered party. This transaction is also a transfer. If the membership fee is no more than \$25 per year for a period of no more than five years, the individuals have not made contributions and the registered party does not need additional information from the campaign. Above those thresholds, the campaign will need to provide the registered party with details to record contributions from the individuals.

Note: Some registered parties have internal rules that prohibit contestants from buying memberships for supporters. Campaigns should be aware of the rules that apply to their contest.

Irregular transfers

The *Canada Elections Act* specifies the types of transfers that are permitted and not treated as contributions. Elections Canada refers to non-permitted transfers of funds, property or services as "irregular transfers."

When the leadership contestant's campaign sends or accepts an irregular transfer, the consequences will depend on the sender, recipient and transfer type. In some cases, irregular transfers will be treated as contributions; in other cases, they will be dealt with according to other rules in the Act.

The tables below explain the consequences for irregular transfers between affiliated political entities only.

Irregular transfers sent by the leadership contestant's campaign

Recipient of irregular transfer sent by leadership contestant	Transfer type	Consequence
Candidate	Monetary	Improper surplus disposal with offence for sender; not a contribution
Candidate	Non-monetary	If capital asset, improper surplus disposal with offence for sender; not a contribution*
Nomination contestant Leadership contestant	Any	Illegal contribution
Registered association Registered party	Non-monetary	If capital asset, improper surplus disposal with offence for sender; not a contribution*

*Remaining non-capital assets or services can be provided to the candidate, association or party, but they must either be sold to that political entity or contributed by the contestant as a personal non-monetary contribution.

Example

After contest day, the leadership contestant's campaign gives tablets it had purchased for \$300 each to the registered association in the contestant's riding. This is not an allowable transfer. It is an improper disposal of surplus by the contestant that will need to be corrected. To properly dispose of the tablets, which are capital assets, the campaign should have sold the tablets at fair market value and transferred the proceeds of the sale to the association or party.

Irregular transfers sent to the leadership contestant's campaign

Sender of irregular transfer accepted by leadership contestant	Transfer type	Consequence
Nomination contestant Leadership contestant	Any	Illegal contribution
Candidate	Any	Illegal contribution*
Registered association Registered party	Monetary	Prohibited transfer with offences for sender and recipient; not a contribution
Registered association Registered party	Non-monetary, not offered equally to all contestants	Prohibited transfer with offence for sender; not a contribution

*If the transfer is non-monetary and the candidate offered it equally to all contestants, it is not a contribution. It may be an improper surplus disposal.

Example

A leadership contestant's campaign accepts funds from another campaign whose contestant plans to withdraw. This is not an allowable transfer. It is an illegal contribution. Within 30 days of becoming aware of the contravention, the financial agent must return the contribution to the sender (if unused) or remit the amount to Elections Canada.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2022-02, *Irregular Transfers Between Affiliated Political Entities*, on the Elections Canada website.

6. 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 leadership contest expense or other expense, and classified as an amount not included in leadership contest expenses.</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 leadership 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 contest day, the financial agent sells the two computers for the amount of \$1,500. This amount is recorded as other inflow.</p>

7. Fundraising

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

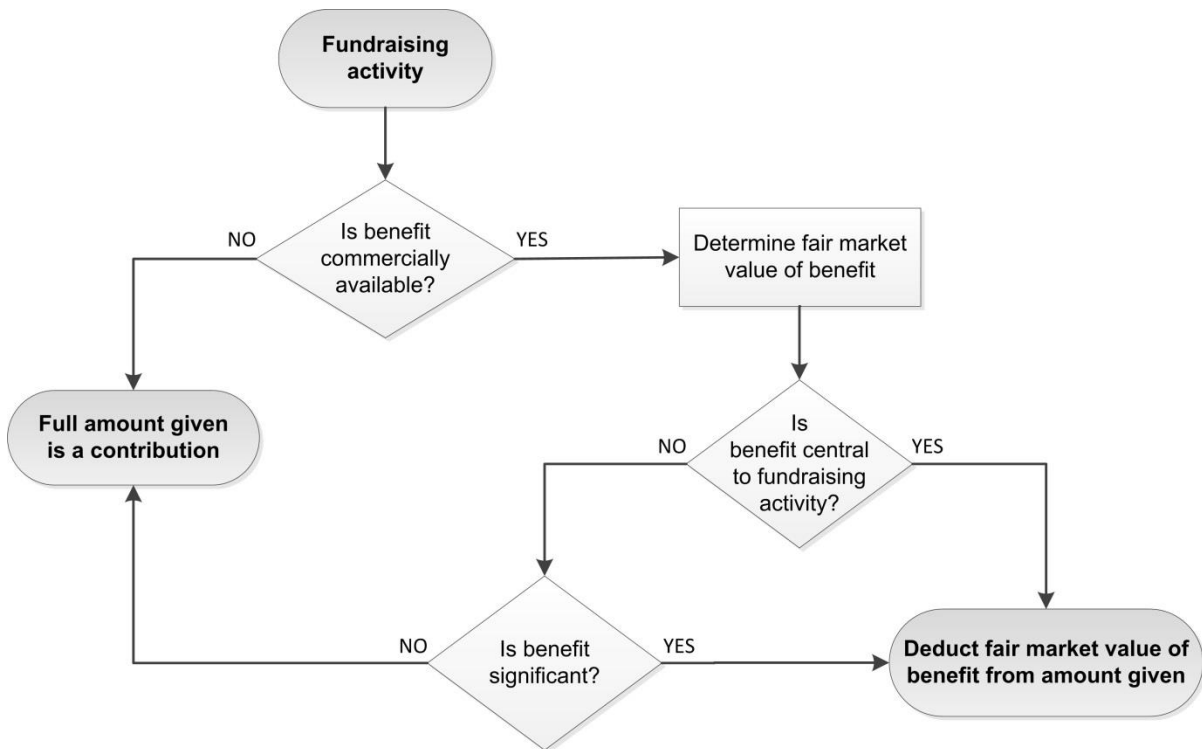
- Determining the contribution amount when contributors receive a benefit
- Fundraising expenses
- Regulated fundraising events
- Typical fundraising activities (sale of branded goods, auctions, ticketed events, non-ticketed events and draws)

Determining the contribution amount when contributors receive a benefit

As part of fundraising, a leadership 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 leadership 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. In exchange for making a \$500 directed contribution, an individual gets to meet one-on-one with the leadership contestant. The full amount given is a contribution under the *Canada Elections Act*.

Note: Under Canada Revenue Agency rules, this contribution is not eligible for a tax receipt because the value of the advantage cannot be determined.

2. The leadership 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.

3. 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.
4. Contributors who make a \$100 contribution receive a keychain with the leadership 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 leadership 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 leadership 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 leadership contestant's campaign for activities conducted during a contest period that are not directly linked to soliciting contributions are also leadership 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 leadership contestant, where contributions are also solicited
- door-to-door promotion of a leadership contestant, where contributions are also solicited (in this case, salaries or other amounts paid to canvassers are leadership contest expenses)
- contacting electors by phone or by other means to promote a leadership contestant, where contributions are also solicited (in this case, salaries paid to staff are leadership contest expenses)

Regulated fundraising events

What is a regulated fundraising event?

A regulated fundraising event is an event that meets all these conditions:

- it 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
- it 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: Events held in person, online or by telephone are all potentially regulated. A prominent person is “attending” if they are present at the event in real-time. By contrast, if they are present only by prerecorded video or audio message, they are not attending the event.

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 people gave over \$200 to attend or to have another person attend but no part of these amounts was a contribution

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

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.

Note: Fundraising events organized after an election or a contest for the financial benefit of a candidate or a contestant continue to fall under these rules.

Are leadership contestants after a contest period and ministers during an election still prominent attendees?

Leadership contestants continue to be contestants and prominent attendees after the contest period, until they have fulfilled their reporting obligations (for example, after they have paid their claims and loans, disposed of surplus and closed the bank account).

Leadership contestants should wait for confirmation from Elections Canada, following its review of their financial returns, that they are no longer prominent attendees.

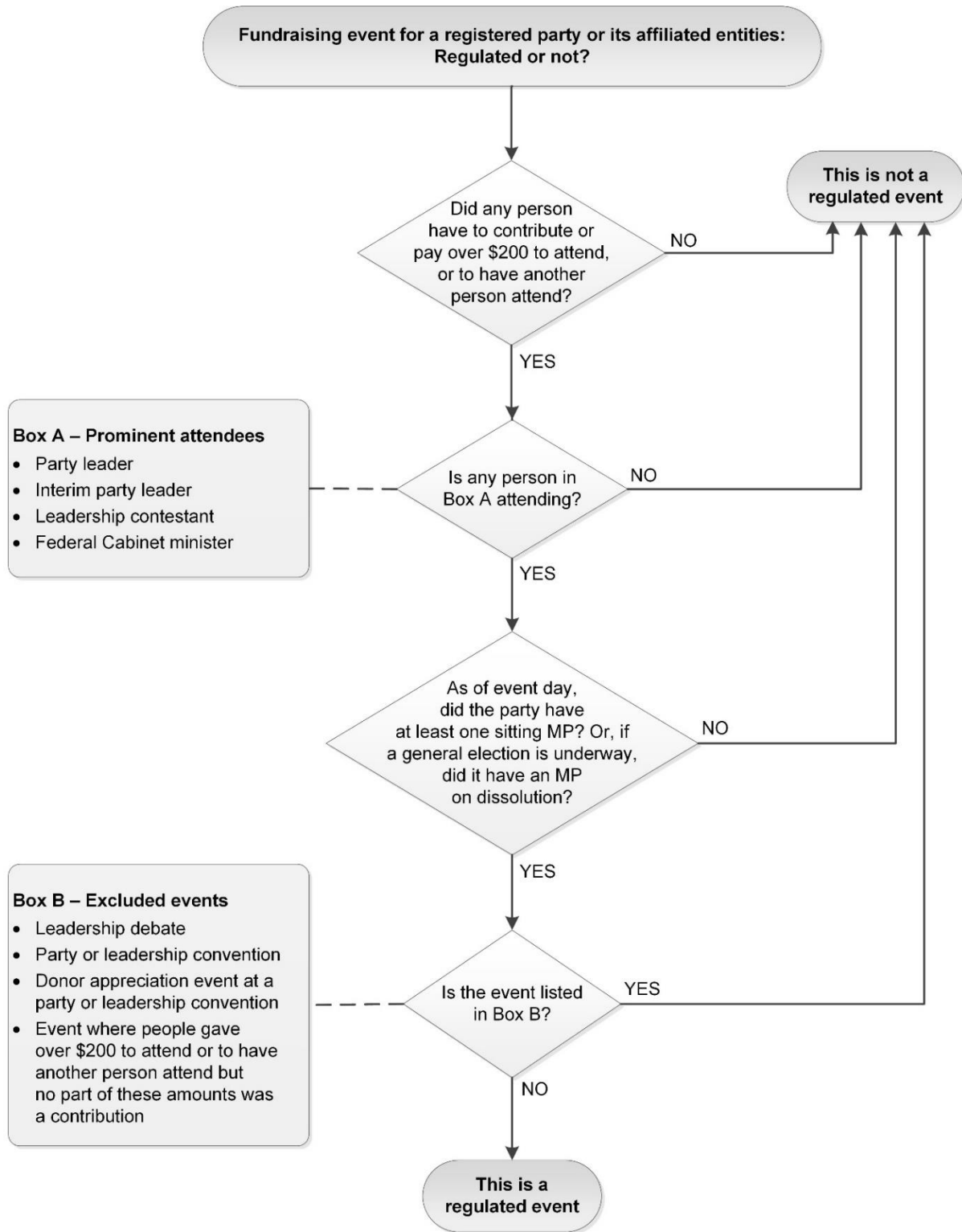
Ministers continue to be prominent attendees during an election.

Note: A regularly updated list of leadership contestants who are prominent attendees is available on the Elections Canada website under Political Financing > View Regulated Fundraising Events.

Examples

1. Barbara paid the \$250 ticket price to attend a wine and cheese organized to benefit a leadership contestant. The leadership contestant is not attending; 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 leadership contestant. The leadership contestant is not attending, and the only attendee from the party is a member of Parliament who is not a Cabinet minister. This is not a regulated fundraising event.
3. A leadership contestant's campaign charges \$250 for participants to join a virtual event held on a videoconferencing platform. The leadership contestant will also be online, interacting with attendees. This is a regulated fundraising event.
4. The leadership contestant's campaign sells tickets to its fundraising dinner with the contestant 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



Leadership 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 leadership 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 leadership 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 leadership contestant's campaign or other persons or entities</p>	<p>The leadership 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 leadership 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 and time • event location, including all of the following: <ul style="list-style-type: none"> – venue name (e.g. name of a commercial venue or, for a private residence, the words “private residence”) – municipality, province or territory, and postal code • 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. leadership contestant) • 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. For events held virtually, the venue name can be “online” or “teleconference.” No address needs to be provided.</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

No information is required

After the fundraising event

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:

- event date and time
- event location, including all of the following:
 - venue name (e.g. name of a commercial venue or, for a private residence, the words “private residence”)
 - municipality, province or territory, and postal code
- 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. leadership contestant)
- 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*)

Note: For events held virtually, the venue name can be “online” or “teleconference.” No address needs to be provided.

*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 leadership 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.

Note: For virtual events, it may be difficult to control attendance and produce an accurate list of attendees. Organizers should exercise due diligence so that an accurate report of all attendees can be filed. For example, they could advise people who sign up for an event that attendance is being published and that the link or phone number to attend is for their use only.

Examples: Event notices on a party website

1. Fundraising dinner (event name is optional)

January 1, 2024, at 7:00 p.m.
ABC Restaurant, Ottawa, ON, A0A 0A0

In support of: Contestant X
Featuring: the Honourable Mary Marcel
Tickets: \$250

More information: Paul Parcel at paul@contestant-x.ca

2. **Donor appreciation event*** (*event name is optional*)

January 2, 2024, at 7:30 p.m.
ABC Event Space, Vancouver, BC, A0A 0A0

In support of: Contestant Y
Featuring: Sally Sorel and Gavin Gorel
Contribution: \$150–\$500
More information: Paul Parcel at 1-800-000-0000

*Other than a donor appreciation event at a party or leadership convention, which would not be a regulated fundraising event.

Note: For the party website notice to be compliant, **all** the elements required for disclosure **must** appear in the notice at least five days before the event. The elements must then be adjusted as soon as feasible if the information is incorrect or has changed.

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 in respect 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

Where the non-compliance relates to incorrect information in an event notice or report, updating the notice or correcting the report as soon as feasible after becoming aware of the change or incorrect information will in most cases bring the party into compliance, so that contributions do not have to be returned. However, this is not the case if the event notice on the party website was missing information five days before the event.

Determining the contribution amount to return

When contributions must be returned, the amount to return to each contributor or remit to Elections Canada is the contribution received from the individual in respect of the regulated fundraising event.

Both of these amounts must be returned to the contributor or remitted to Elections Canada, where applicable:

- the contribution amount, received through a ticket sale or entrance fee, that entitled the person to attend the event (that is, the ticket price or entrance fee less the fair market value of the benefit that the person was entitled to receive)
- any contribution received from the contributor during the regulated fundraising event

See the **Ticketed fundraising events** section below for information about calculating the contribution amount when benefits are received.

The table below explains how different scenarios affect the return of contributions.

Scenario	Return of contributions for a non-compliant event
Participants were entitled to attend a donor appreciation event based on a previous contribution of \$250.	The previous contributions are not returned. Only additional contributions collected during the event must be returned.
Participants were entitled to attend an event by paying a \$250 ticket price.	The contribution amounts from ticket sales must be returned. Any additional contributions collected during the event must also be returned.
An event has a mix of participants who bought a ticket, made a previous contribution or attended for free.	All contributions received from ticket sales or collected during the event must be returned, even if some participants paid \$200 or less to attend. The previous contributions are not returned.

See **Returning ineligible or non-compliant contributions** in Chapter 3, **Contributions**, for more information on the process that needs to be followed when returning contributions.

OGI reference

For a detailed discussion of these topics, please refer to Elections Canada’s guideline 2023-01, *Regulated Fundraising Events*, and interpretation note 2022-04, *Disclosing the Location of a Regulated Fundraising Event*, on the Elections Canada website.

Typical fundraising activities

This section explains how to manage various fundraising activities.

Sale of branded goods

Leadership 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 leadership 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 leadership 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.

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 leadership 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 leadership contestant (such as branded goods), the expenses incurred are leadership contest expenses.

Examples

1. An individual donated a painting to a leadership 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 leadership 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 an other leadership campaign expense.

2. An individual (who is not in the business of selling office furniture) donated an office chair to the leadership 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 leadership 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 keychains (*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 leadership 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 leadership contest expenses.

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

Examples

1. The leadership 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 leadership 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 leadership contest expense, and the balance of the expense for the event is an other leadership campaign expense.

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 3, **Contributions**.

Managing contributions received through ticket sales

Because only directed contributions are eligible for tax receipts, it is common practice during leadership campaign fundraising events for individuals to remit contributions to the registered party, with written instructions requesting that the amount be forwarded to the leadership contestant as a directed contribution.

In the case of a ticketed fundraising event, the contribution amount is the ticket price less the fair market value of the benefit that the ticket entitles the bearer to receive. Since a party may only transfer directed contributions to leadership contestants (no other monetary amount may be transferred from the party to a leadership contestant), only the contribution portion of the ticket price may be sent to the party and directed for transfer to a leadership contestant. For example, a ticket sold for \$100 may result in an \$80 directed contribution. The party is only able to transfer \$80 of the ticket revenue directly to the contestant.

There are different ways that a registered party and leadership contestant might choose to manage the situation when an individual purchases a ticket for a fundraiser:

- The individual may be asked to issue two payments: one, paid to the party, for the contribution portion of the ticket price; and another, paid to the leadership campaign, for the difference between the ticket price and the contribution amount.
- The individual may be asked to send the full amount to the party, and the party may retain the benefit portion of the ticket price to offset any future processing fees.
- The individual may be asked to send the full amount to the party, and the leadership campaign may invoice the party for the benefit portion of the ticket price.
- The individual may be asked to send the full amount to the party, and the party may directly pay the leadership campaign's event expenses, up to the benefit portion of the ticket price (as long as this service is offered equally to all contestants).

Examples

1. Tickets are sold at \$100 each for a fundraising event organized by a leadership contestant's campaign. The contribution portion of each ticket is \$80, calculated by subtracting \$20 (the fair market value of the benefit to be received during the event) from the ticket price (\$100). Ticket purchasers are asked to issue two payments: one for \$20, paid to the campaign; and the other for \$80, paid to the registered party with written instructions requesting that the amount be forwarded to the leadership contestant as a directed contribution. The registered party issues tax receipts for the contribution amounts and transfers the funds as directed contributions to the leadership contestant.
2. Tickets are sold at \$100 each for a fundraising event organized by a leadership contestant's campaign. The contribution portion of each ticket is \$80, and the benefit portion is \$20. Fifty individuals buy tickets directly from the registered party, resulting in \$4,000 in directed contributions that the party can choose to transfer to the leadership campaign and \$1,000 in other revenues that cannot be directly transferred. The following happens:
 - The registered party withholds 10% of the \$4,000 in directed contributions as a processing fee. It sends an invoice of \$400 to the campaign, which reports the processing fee as an other leadership campaign expense paid through withheld contributions.
 - For the leadership campaign to access the remaining \$1,000 to offset its event expenses, the campaign sends an invoice to the party for the \$1,000 benefit portion, and the party pays \$1,000 to the campaign. Alternatively, the party directly pays the campaign's event expenses up to the \$1,000 benefit portion (and offers this same service equally to all contestants). In the latter case, the party reports the transaction as a non-monetary transfer to the campaign, while the campaign reports a non-monetary transfer received and an other leadership campaign expense.

Note: The contribution rules apply to contributions made through ticketed fundraising.

Other ticketed events

A ticketed event will sometimes be held for promotional purposes rather than to raise funds. The leadership 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 leadership contestant's campaign holds this type of event during a contest period, the expenses incurred are leadership 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 leadership contestant's campaign holds a non-ticketed event during a contest period, the expenses incurred are leadership 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 regional issues. Light refreshments and appetizers are served while Christine, the leadership 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 leadership 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.

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

8. Leadership Campaign Expenses

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

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

Note: The financial agent and authorized leadership campaign agents are responsible for administering expenses and keeping receipts and invoices, as required by the *Canada Elections Act*.

What are leadership campaign expenses?

Definition

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

There are five categories of leadership campaign expenses:

- leadership contest expenses
- leadership contestant's personal expenses
- leadership contestant's travel and living expenses
- leadership contestant's litigation expenses
- other leadership 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.

Leadership campaign expenses: overview

Leadership campaign expenses	Examples	Who can incur?	Who can pay and from what source? ¹
Leadership contest expenses	<ul style="list-style-type: none"> • Flyers • Office supplies • Surveys 	<ul style="list-style-type: none"> • Financial agent or authorized leadership campaign agent • Contestant 	<ul style="list-style-type: none"> • Financial agent or authorized leadership campaign agent from campaign bank account
Contestant's personal expenses	<ul style="list-style-type: none"> • Childcare • Expense related to a disability of the contestant or of a dependant 	<ul style="list-style-type: none"> • Financial agent or authorized leadership campaign 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 or authorized leadership campaign 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 or authorized leadership campaign agent • Contestant 	<ul style="list-style-type: none"> • Financial agent from campaign bank account • Contestant from own funds, including from another source²
Other leadership campaign expenses	<ul style="list-style-type: none"> • Rent outside contest period • Contribution processing fees • Contest fees • Auditor's fees 	<ul style="list-style-type: none"> • Financial agent or authorized leadership campaign agent • Contestant 	<ul style="list-style-type: none"> • Financial agent or authorized leadership campaign 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 leadership campaign expense?

Leadership 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 leadership 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 leadership campaign expense.
2. Wendell, a self-employed web designer, offers to design the leadership 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 leadership campaign expense. The difference between the commercial value and the actual amount paid (\$300) is a non-monetary contribution from the web designer.

What does not qualify as a leadership campaign expense?

These penalties under the *Canada Elections Act* do not count as leadership campaign expenses:

- an administrative monetary penalty imposed on the campaign
- an amount to be paid under a compliance agreement signed with the Commissioner of Canada Elections, solely as a result of that agreement
- an amount to be paid under an undertaking provided to the Commissioner of Canada Elections, solely as a result of that undertaking

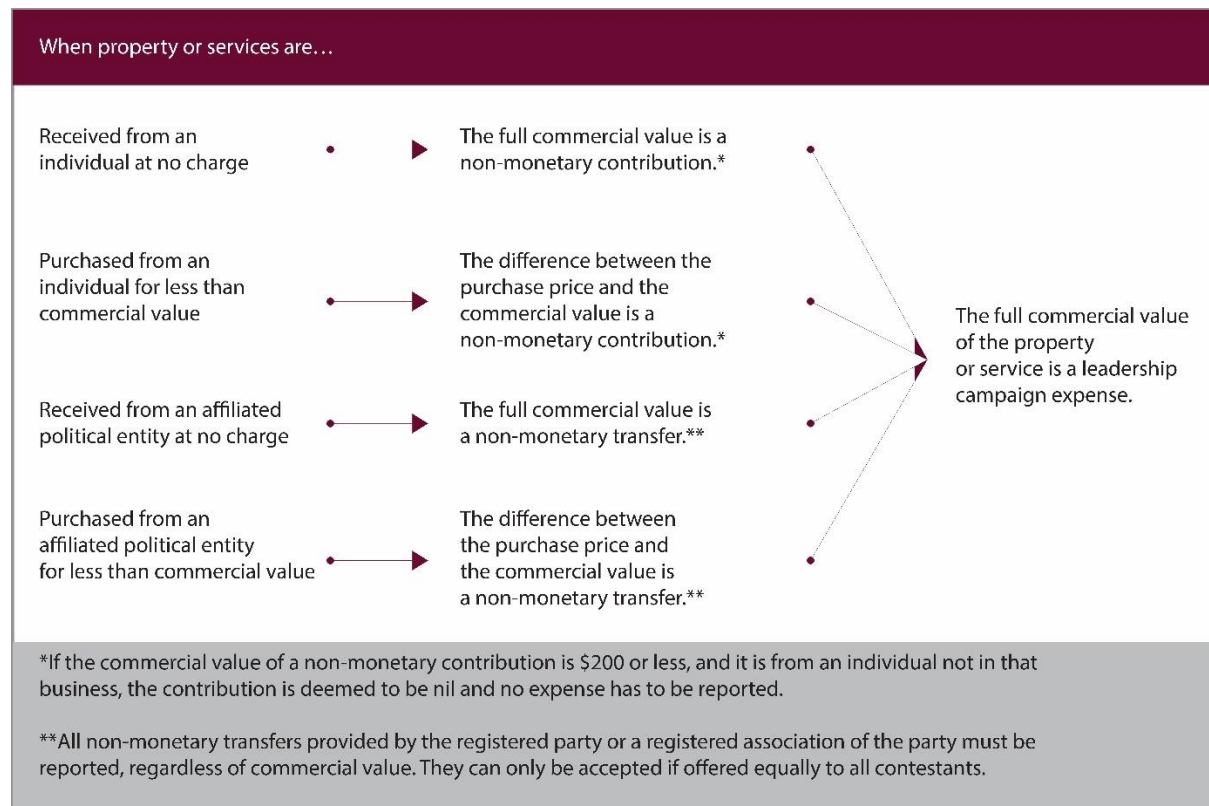
This means that the penalties cannot be paid using the contestant's campaign funds. Almost any other source of funds can be used to pay the penalties, including payment by a registered party or association.

Because a penalty is imposed on an individual in their personal capacity, if a party or association, another person, a corporation or a group pays the penalty for the individual, it is not reported as a transfer or contribution. The payment does not have to be offered equally to other contestants. The individual should be mindful of any conflict of interest regulations that may apply to their situation if the penalty is being paid by a corporation or group.

Non-monetary contributions and transfers are also expenses

The leadership 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 3, **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 leadership contest expense.
2. The registered party provides all contestants with free mailing envelopes and postage. The financial agent uses the items to distribute campaign flyers during the contest period. The party paid \$1,000 for the items and provides the financial agent with copies of the original supplier invoices. The financial agent has to record the following: a non-monetary transfer of \$1,000 from the registered party and a leadership 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?

The financial agent, the leadership contestant or an authorized leadership campaign agent can incur leadership campaign expenses.

An expense is incurred when the campaign becomes legally obligated to pay. The timing will vary based on how the property or service is procured. For example:

- Where a written contract is executed, such as an office lease or a loan agreement, the expense is incurred when the contract is signed.
- Where there is no written contract, the expense is incurred when a verbal agreement is reached. Generally, this is when property or services are ordered or, for retail purchases, at the point of sale.

For a non-monetary contribution of property or services, the expense is incurred when the campaign accepts the contribution.

Who can pay expenses?

Only the financial agent or an authorized leadership campaign agent can pay leadership campaign expenses in most cases. There are three exceptions:

- The leadership 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 their registered party or a 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 leadership 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 leadership 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 leadership contestant should send invoices for their personal expenses, travel and living expenses, or litigation expenses to the financial agent only after preparing the *Leadership Contestant's Statement of Expenses*.

If an expense of \$50 or more was incurred as an incidence of the contest, either the financial agent or the authorized leadership campaign agent who made the payment has to keep a copy of the supplier invoice (or other document evidencing the expense) setting out the nature of the expense. Once it is paid, the agent must also keep the proof of payment.

If an expense of less than \$50 was incurred as an incidence of the contest, either the financial agent or the authorized leadership campaign agent who made the payment has to keep a record of the nature of the expense. Once it is paid, the 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.

9. Leadership Contest Expenses

This chapter explains what leadership contest expenses are and gives typical examples. It covers the following topics:

- *What are leadership contest expenses?*
- *Who can incur and pay leadership contest expenses?*
- *Limits on leadership contest expenses*
- *Typical leadership 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 leadership contest expenses?

A leadership contest expense is:

- any cost incurred or non-monetary contribution received by a leadership 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 leadership contestant during a leadership 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 leadership contestant during a leadership contest

The concept of “directly promoting or opposing a leadership 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 leadership contest expenses, unless they:

- fall into another category (see an overview in Chapter 8, **Leadership Campaign Expenses**)
- are non-promotional fundraising expenses (see Chapter 7, **Fundraising**)

The leadership contest period runs from the contest start date to end date (contest day) indicated in the leadership contest report provided by the registered party.

Who can incur and pay leadership contest expenses?

The financial agent, the leadership contestant or an authorized leadership campaign agent can incur leadership contest expenses.

Only the financial agent or an authorized leadership campaign agent is allowed to pay leadership contest expenses, other than petty expenses paid from the petty cash with the financial agent's written authorization.

Limits on leadership contest expenses

The *Canada Elections Act* does not set a limit on leadership contest expenses.

Registered parties usually set their own rules, in addition to those in the *Canada Elections Act*, for holding leadership contests. They may provide other restrictions on political financing aspects of the contest, which they administer themselves (e.g. expenses limits for leadership contestants). As long as these rules do not conflict with the requirements of the *Canada Elections Act*, this is acceptable.

Typical leadership contest expenses

The following are examples of typical leadership contest expenses.

Advertising expenses

Advertising is the transmission to the public of an advertising message promoting or opposing a leadership contestant.

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

Examples

1. The financial agent purchases flyers before the contest starts and mails them to party members during the contest period to promote the contestant. The expense for the flyers—including their design, printing and distribution—is a leadership 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 leadership contest expense, together with all expenses related to designing and developing the video.

Note: Unlike other political entities, when a leadership contestant's campaign runs ads online in a pre-election or election period, the ads do not have to be filed in a platform's political advertising registry.

Websites and web content

Leadership 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 leadership contest expense, taking into account the purpose of the material.

Type of website or web content	Leadership 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 leadership contest expenses.</p> <p>Expenses to produce and distribute content on the website or social media accounts are also leadership 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 leadership 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 leadership 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 leadership 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 leadership 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	See the Use of parliamentary resources section below.

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 leadership 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 leadership contest expenses.

- The contestant has a personal X account and continues to post from that account during the contest period. Sometimes she posts about her campaign. If the contestant is posting for free, 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.

Mass text messaging

When a leadership contestant’s campaign sends mass text messages during the contest period to promote or oppose a contestant, the expenses incurred for production and distribution are leadership contest expenses.

While they may result in leadership contest expenses, text messages sent by a contestant’s campaign are generally not regulated by the CRTC under Canada’s Anti-Spam Legislation. The messages are covered only if they are commercial in nature, excluding a text whose primary purpose is to solicit a contribution. This means that text messages promoting or opposing a contestant, asking for an elector’s vote or asking for a contribution are not subject to CRTC rules.

There is also no requirement to identify the sender under the *Canada Elections Act*, though we recommend it as a best practice.

Note: For more information on text messaging, please refer to the CRTC’s web page entitled “Frequently Asked Questions About Canada’s Anti-Spam Legislation.”

Voter databases, surveys and research

Voter databases

An expense that a leadership contestant’s campaign incurs for the use of voter database software during a contest period is a leadership contest expense. The table below shows how to determine the leadership contest expense, based on the software arrangement.

The campaign must also report an other leadership campaign expense if it incurs expenses to use voter database software outside the contest period.

If the registered party or a registered association offers a contestant access to its voter database software, either the access must be offered equally to all contestants or the contestant must be invoiced for the expense to avoid an irregular transfer.

Software arrangement	Political entity	Leadership contest expense
Political entity has an ongoing contract with a supplier for use of the database software	Contestant with their own software	Amount charged by the supplier for ongoing use, prorated for the contest period
	Contestant using the registered party’s software	Amount charged by the supplier for additional access per contestant, prorated for the contest period
	Contestant using a registered association’s software	Amount charged by the supplier to the association for ongoing use, prorated for the contest period

Software arrangement	Political entity	Leadership contest expense
Political entity owns the database software outright (customized or off-the-shelf solution)	Contestant with their own software	Commercial value of renting a similar asset for the contest period* or actual purchase price, whichever is less
	Contestant using the registered party's software	Commercial value of the party renting additional access per contestant during the contest period (building on the commercial value of the party renting software for itself)*
	Contestant using a registered association's software	Commercial value of renting a similar asset for the contest period* or actual purchase price, whichever is less
*The commercial value is the lowest amount that a supplier would normally charge for the use of database software with equivalent functions (e.g. generates canvassing lists) and capacity (e.g. holds information on 100,000 electors) over the contest period. A quote should be obtained from a subscription-based software supplier.		

Examples

1. A leadership contestant's campaign subscribes to a voter database service from February 1 to August 30 (211 days) in a contest year at a cost of \$500 per month. The contest period runs for 150 days during that time. The financial agent reports a leadership contest expense of \$2,486.15 (7 months x \$500 / 211 days x 150 days) for use of the database software during the contest period. The remaining amount, \$1,013.85, is reported as an other leadership campaign expense for days outside the contest period.
2. A leadership contestant's campaign creates a voter database using off-the-shelf software at a cost of \$100 before the contest period. The financial agent reports a leadership contest expense of \$100 for use of the database software during the contest period.

Surveys and research

Whether an expense for a survey or research is a leadership contest expense depends on when it was conducted. The date that a campaign conducts a survey or research is the date that it receives the data. If the contestant's campaign conducts a survey or research:

- during the contest period, it is a leadership contest expense
- outside the contest period, it is not a leadership contest expense but an other leadership campaign expense, even if the data is used during the contest period

Expenses to add data to a database and clean the data during the contest period, and for system support during the contest period, are also leadership contest expenses.

Examples

1. A leadership contestant's campaign engages Election Polling Inc. to conduct a survey of party members for \$5,000. The campaign receives the survey data during the contest period. The financial agent reports a leadership contest expense of \$5,000.
2. Before a contest period, a leadership contestant's campaign pays a data broker \$10,000 for two sets of data. The campaign receives the first set immediately and the second set after the contest period starts. The financial agent reports an other leadership campaign expense of \$5,000 and a leadership contest expense of \$5,000.

Data from an external source

When a leadership contestant's campaign receives data for free or at a discount from an external source, it is accepting a contribution.

An external source is a person or group other than:

- the registered party and its registered associations, if the data is offered equally to all contestants
- a person providing volunteer labour to the leadership contestant (see **Volunteer labour is not a contribution** in Chapter 3, **Contributions**)

If an external source is an ineligible contributor or an individual who would exceed their contribution limit, the campaign must be invoiced for the data at commercial value. The commercial value is the lowest amount charged by a business for a dataset with a similar number of entries and data fields and with a similar level of quality and currency.

If the external source is not in the business of selling data and collected data specifically for the leadership contestant, the invoiced amount must be the actual expenses incurred.

Example

During a contest period, an advocacy group offers a leadership contestant's campaign its members list. The list is a spreadsheet with names, addresses and phone numbers of 100 people who support an issue that the contestant is associated with. The advocacy group is an ineligible contributor, so the contestant's campaign cannot accept this list for free. However, the campaign determines that an equivalent dataset would be sold by a broker for \$500 and asks the advocacy group to invoice that amount. The financial agent pays and reports a leadership contest expense of \$500 for the data.

OGI reference

For a detailed discussion of this topic, please refer to Elections Canada's interpretation note 2022-03, *Voter Databases and Election Expenses*, on the Elections Canada website.

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 leadership 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 leadership 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 leadership 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 leadership 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 leadership 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 party or to a registered association of the party. The assets themselves cannot be transferred.

Examples

1. The contestant's campaign rents two computers from a local office supplier for \$600 during the contest period. The rental agreement is for three months (92 days) and extends 15 days past the end of the contest period. The cost of renting the computers during the contest period is a leadership contest expense, and it is calculated as follows: $\$600 / 92 \times (92 - 15) = \502.17 . The remaining amount, \$97.83, is recorded as an other leadership 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 leadership 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 leadership contestant's campaign. Only the portion of the rent used during the contest period is a leadership contest expense. The portion of the rent used before and after the contest period is an other leadership campaign expense.

Example

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

The leadership contest expense to be recorded is the rent for the six months of April to September, plus the rent for 17 days in March: $(\$300 \times 6) + (17 / 31 \times \$300) = \$1,964.52$. The remaining amount, \$135.48, is recorded as an other leadership campaign expense.

Installation and other office expenses

The expense incurred to install items used during the contest period is a leadership contest expense even if the installation takes place before the contest is called, as long as the item itself is a leadership 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 campaign pays \$500 in labour for a worker to install telephones, computers and printers in the office before the contest starts. The full \$500 is a leadership contest expense because the installed equipment is used during the contest period.

The campaign also pays a monthly rate of \$200 for telephone usage. The prorated cost for days during the contest period is a leadership contest expense, while the prorated cost for days outside the contest period is an other leadership campaign expense.

Cell phones

A leadership contestant's campaign might provide the contestant and workers with cell phones for use during the contest period. If the campaign supplies the phones, the leadership contest expense is the cost of the cell phones and monthly usage plans, prorated for the length of the contest period, plus any additional fees.

If personal cell phones are used during the contest period, there are two ways that the expenses may be accounted for:

- Contestants or workers may ask the campaign to reimburse expenses that they incurred because of the contest. These costs are leadership contest expenses for days during the contest period.
- Contestants or workers may make a non-monetary contribution of the use of their phone. If the incremental expenses that they incurred because of the contest are \$200 or less (for example, additional fees per monthly phone bill) and the person is not in the business of providing cell phone service, then the contribution amount is deemed to be nil and no expense is reported.

Examples

1. The leadership contestant's campaign rents cell phones for its workers at a cost of \$1,000 per month, including usage fees. The contest period starts on February 1 and ends on June 20. The leadership contest expense is the rental cost for four months and 20 days: $(4 \times \$1,000) + (\$1,000 / 30 \times 20) = \$4,667$. The remaining amount, \$333, is as an other leadership campaign expense.
2. Ling, a contestant, uses her own cell phone for campaigning during the contest period. On top of her usual monthly fee, she incurs an extra \$100 for data overage while campaigning door to door. Because the incremental expense that she incurred for the contest is \$200 or less, Ling could make a non-monetary contribution of the data overage, and it would be deemed nil. However, the campaign agrees to reimburse the \$100 and reports it as a leadership contest expense.

Campaign workers and related expenses

The leadership contestant's campaign may have to report various leadership contest expenses related to their paid workers and volunteers: incidental expenses, travel and living expenses, and compensation.

Incidental expenses of campaign workers

Whether campaign workers are volunteering or being paid, some incidental expenses related to their work, such as for local transportation and refreshments, are leadership contest expenses.

If a worker pays for incidentals and is not reimbursed, 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 that property or service, the non-monetary contribution is deemed to be nil and no expense has to be reported. Each incidental expense is measured individually against the \$200 threshold to determine whether the contribution is deemed nil.

The campaign may provide gift cards to its workers specifically to cover incidental expenses, such as gas and food, during the contest period. These gift cards are reported as leadership contest expenses, not as gifts to workers. To support the expenses, workers who make a purchase of \$50 and over with a gift card should get an invoice (or other document evidencing the expense) showing the date, amount and items purchased, while workers who make a purchase under \$50 with a gift card should record the date, amount and nature of the expense.

Examples

1. Late one night during the contest period, volunteers help in the campaign office to prepare hundreds of flyers for mailing. A volunteer orders pizza and pays the delivery person \$85 with their personal credit card. The campaign reimburses the volunteer a few weeks later. The amount of \$85 is a leadership 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.
3. The campaign gives 10 volunteers a \$50 gift card each to buy meals while they help during the contest period. The volunteers use their gift cards to make multiple purchases under \$50. They record the date, amount and nature of each expense, and give these records to the financial agent. The financial agent submits the records, along with the invoice and proof of payment from the original purchase of the gift cards, as supporting documents with the financial return.

Travel and living expenses of campaign workers

Campaign workers, whether volunteering or being paid, might travel to help at campaign events during the contest period.

No matter when the travel happens, if the work performed at the destination is a leadership contest expense, the travel expense in both directions is a leadership contest expense. This includes return trips after contest day.

Temporary lodging and meals (or per diems) are also a leadership contest expense but only for days during the contest period.

It is advisable to have a written agreement or other documentation about a campaign worker's travel and living expenses to support all amounts being reported. In the absence of evidence, the payments may be considered an inappropriate use of campaign funds that would need to be returned.

When a worker is sharing transportation with the leadership contestant, some of the cost may be a leadership contest expense and some may be the contestant's travel and living expense. See Chapter 11, **Leadership Contestant's Travel and Living Expenses**.

Travel and living expense of campaign workers	Timing	Reported as
Travel to and from destination	Days during or outside contest period	Leadership contest expense
Lodging and meals	Days during contest period	Leadership contest expense
	Days outside contest period	Other leadership campaign expense

Note: If a worker pays for travel and living related to the campaign and is not reimbursed, the amount is a non-monetary contribution and a reportable expense. However, if the amount is \$200 or less and the individual is not in the business of providing that property or service, the non-monetary contribution is deemed to be nil and no expense is reported.

Note: If workers have travelled to a particular destination for a purpose unrelated to the contest and help with the campaign while there, only incremental expenses incurred to help are leadership contest expenses.

Examples

1. The campaign rents a bus to transport volunteers to one of the leadership contestant's speaking events during the contest period. It spends \$600 on the rental and another \$100 on refreshments for the volunteers. The \$700 is a leadership contest expense.
2. The campaign relocates a worker, Gordon, to its headquarters for one month of the contest period. The round-trip flight is \$800. It is a leadership contest expense even if Gordon flies outside the contest period. Gordon has free lodging with a relative and receives a per diem of \$25. Since he travelled for 30 days during the contest period and 2 days outside it, the per diems result in a leadership contest expense of \$750 (\$25 x 30) and an other leadership campaign expense of \$50 (\$25 x 2). The expenses to record for Gordon's relocation are a leadership contest expense of \$1,550 (\$800 + \$750) and an other leadership campaign expense of \$50.

Compensation of workers

The campaign may choose to pay compensation to the financial agent or other campaign workers, including paying volunteers for part of their work.

If a campaign worker is not receiving regular pay (i.e. a salary or hourly wage), please see information on paying volunteers for part of their work under **Volunteer labour is not a contribution** in Chapter 3, **Contributions**.

For work performed during the contest period, compensation is almost always a leadership contest expense. Before the contest period, it is occasionally a leadership contest expense. It is never a leadership contest expense after the contest period. The table below provides examples.

An agreement must be in place before the work is performed. Once an agreement is in place, the campaign is liable for the related expenses.

An invoice is required for payments of \$50 and over, setting out the nature of the expense. Because compensation expenses can vary widely, it is advisable to have a written agreement or other documentation about a campaign worker's compensation to support all amounts being reported. Failure to adequately support the expenses may result in follow-up enquiries by Elections Canada auditors. In the absence of evidence, the payments may be considered an inappropriate use of campaign funds that would need to be returned.

Timing	Compensated work: examples	Reported as	Why
Before contest period	Planning, budgeting, creating contact lists	Other leadership campaign expense	Research-style activities are leadership contest expenses only during the contest period
	Distributing flyers one week before the contest period	Other leadership campaign expense	The communication has been fully transmitted before the contest period
	Producing social media content for use during the contest period	Leadership contest expense	The communication will be used during the contest period to promote/oppose a contestant
During contest period	General campaign work	Leadership contest expense	Most work during the contest period is done to promote/oppose a contestant
	Processing contributions	Other leadership campaign expense	Certain fundraising work is excepted from leadership contest expenses (see Chapter 7)
After contest period	Any work	Other leadership campaign expense	Work done after the contest period does not promote/oppose a contestant during a contest period

Example

Leslie, a leadership contestant, is paying her financial agent \$500 for work done before the contest period, including budgeting, signing contracts and preparing lists of volunteers. The \$500 is an other leadership campaign expense. A portion of the \$500 could be a leadership contest expense if the output of the work, such as a campaign website, voter contact script or launch party, is tied to a specific activity during the contest period. Leslie is paying her financial agent another \$1,000 for general work during the contest period. The \$1,000 is a leadership contest expense.

High-profile campaigners and invited guests

Parliamentarians or celebrities will sometimes campaign with a leadership contestant at in-person events. The contestant might also invite a high-profile guest to play an official role in an event.

When it comes to expenses, high-profile campaigners and guests are treated in the same way as campaign workers. This means their travel and living expenses associated with the event are leadership contest expenses. Any compensation paid to them (or the commercial value of a service that they are not eligible to provide as a volunteer) is also a leadership contest expense.

If they have travelled to a particular destination for purposes unrelated to the contest and help with the campaign while there, only incremental expenses incurred to help are leadership contest expenses.

Some celebrities charge appearance fees to take part in events, though as individuals they often make the personal choice to participate for free in other events. As with any individual, if a celebrity is self-employed as a speaker but chooses to express their personal political views at a leadership contestant's event without being paid, they may do so without making a non-monetary contribution.

However, there is a difference when the celebrity is asked to provide a service other than speaking or appearing, such as participating as an emcee or a performer. In that case, the commercial value of the service is a leadership contest expense, whether paid by the contestant or contributed by the celebrity.

Examples

1. The leadership contestant invites Faiza, a celebrity who sometimes charges for speaking engagements, to give a speech at a campaign rally. Faiza supports the contestant and can choose to speak for free. She does not have to charge for her participation or make a contribution of its commercial value. Faiza did not have to travel to attend the event, and the campaign incurred no additional expenses for her to participate. There is no contribution or leadership contest expense to report for her participation.
2. Clydie G, a famous Canadian musician, is touring during the contest period and plays a show in Vancouver. The next day, he flies to Victoria to join a leadership contestant on stage at a rally and performs a song. He then flies back to continue his tour. The cost of the round-trip flight is \$400. It is a leadership contest expense that must be paid by the contestant or contributed by Clydie G. For the performance itself, because Clydie G is self-employed as a musician, he cannot volunteer the service. The commercial value of the performance is a leadership contest expense that the contestant must pay or Clydie G must contribute.
3. A senator plans to speak at a rally for a leadership contestant from her home province. The senator was already in the province, but she pays \$200 in gas to drive to the city where the rally is being held. This is a non-monetary contribution from the senator. Because it is \$200 or less, it is deemed nil and no expense is reported.

Use of parliamentary resources

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

The use of parliamentary resources during the contest period is a leadership 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 House of Commons' *Members By-law* should be consulted as it may place limitations on certain uses of parliamentary resources (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 2020-04, *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 leadership contestant during the contest period, the salaries of these persons are leadership 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 working hours or are on unpaid leave (or paid, if the leave was earned under regular terms of employment that do not specify leave for the purpose of helping a political entity), their involvement is volunteer labour and is therefore neither a leadership contest expense nor a non-monetary contribution.

Website and social media accounts of a parliamentarian

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

If the leadership contestant uses the website for the purpose of their campaign, its commercial value—including design, maintenance and hosting—is a leadership 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 leadership contest expenses. Pre-existing content is only an expense if it was posted for the purpose of the campaign or promoted during the campaign.

Parliamentary database of a member of Parliament

A member of Parliament who is running as a leadership contestant might use information on electors from their parliamentary database to promote their selection. The campaign has to report the commercial value of the data as a personal contribution from the member, subject to their contribution limit, unless it is paid by the campaign. It is also a leadership contest expense or an other leadership campaign expense, depending on when the data was shared with the campaign.

The commercial value is the lowest amount charged by a business for a dataset with a similar number of entries and data fields and with a similar level of quality and currency. Any compensation paid to staff from the parliamentary budget to do campaign database work must also be reported.

Example

A leadership contestant, who is a member of Parliament, arranges for data to be transferred from their parliamentary database to their campaign database before the contest period starts. This is a personal non-monetary contribution from the member to their campaign. The financial agent reports the commercial value of an equivalent list sold by a broker as the amount of the contribution and as an other leadership campaign expense. **Note:** The House of Commons *Members By-law* should be consulted as it may place limitations on this type of activity.

10. Leadership Contestant's Personal Expenses

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

- childcare 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

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 leadership contest.

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

The leadership contestant, the financial agent or an authorized leadership campaign agent can incur the contestant's personal expenses.

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 contest day. 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 leadership contestant might incur in relation to their campaign.

Childcare

The leadership 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.

Childcare may include daycare, babysitting services, day camps and tutoring, when these expenses have been incurred only because of a leadership contest.

Examples

1. Raffi, a leadership contestant, has officially launched his campaign in anticipation of a leadership 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.
2. Santina, a leadership contestant, has a child who is normally in daycare five days a week. This care continues during the contest period. As there is no additional cost because of the contest, there is no personal expense to report.
3. Marvin, a leadership contestant, normally helps his child with homework in the evening. His campaign activities prevent him from providing this support during the contest, so he hires a tutor for two nights a week. The expense for this tutoring is a personal expense of the contestant.

Care for a person with a physical or mental incapacity

If the leadership 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 leadership 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 across the country. 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 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 and personal grooming. All the items reported must be for expenses that the contestant would not normally incur if there was no leadership contest.

11. Leadership Contestant's Travel and Living Expenses

This chapter discusses the leadership 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?*
- *Use of travel reward points*
- *Typical travel and living expenses (meals and incidentals, temporary lodging and transportation)*

What are the contestant's travel and living expenses?

The leadership 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

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 leadership contest.

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

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

See **Campaign workers and related expenses** in Chapter 9, **Leadership Contest Expenses**.

Examples

1. The leadership contestant takes commercial flights to meet with supporters across the country during the contest period. The contestant's airfare plus expenses for lodging and meals during the trips are the contestant's travel and living expenses. The contestant travels with leadership campaign workers, who are volunteers. The expenses associated with the campaign workers' airfare, lodging and meals during these trips are leadership contest expenses.
2. The contestant's campaign rents a bus for \$800 to transport the contestant and volunteers to an event during the contest period. The contestant could have rented a car for \$60. The campaign can choose to report \$800 as a leadership contest expense, or it can report \$60 as the contestant's travel and living expense and the remaining \$740 as a leadership contest expense.

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

The leadership contestant, the financial agent or an authorized leadership campaign agent can incur the contestant's travel and living expenses.

Only the contestant, the financial agent or an authorized leadership campaign 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 contest day. 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.

Use of travel reward points

Leadership contestants may have accumulated travel points from reward programs in their personal or professional lives. If a contestant uses the points to cover or subsidize their campaign travel expenses, they are making a contribution to the campaign. The contribution amount is the commercial value of the property or services acquired with the points.

To not have the points count as a contribution, the campaign must repay the commercial value to the contestant.

Typical travel and living expenses

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

Meals and incidentals

The leadership 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 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. Per diems may be reported as a leadership contest expense if they are part of the contestant's compensation agreement.

Temporary lodging

The leadership contestant might stay in a hotel while travelling for the campaign or might relocate temporarily. The expense for the contestant's temporary lodging incurred as an incidence of the contest is a travel and living expense.

Transportation

The leadership contestant might need to travel to different parts of the country 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. We recommend 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.

12. Leadership Contestant's Litigation Expenses

This chapter discusses the leadership 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 leadership 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

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

The leadership contestant, the financial agent or an authorized leadership campaign 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 contest day. 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 *Leadership 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 14, **Reporting**.

13. Other Leadership Campaign Expenses

This chapter discusses leadership campaign expenses other than leadership 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” leadership campaign expenses?
- Who can incur and pay “other” leadership campaign expenses?
- Typical “other” expenses (contest fees, compensation paid to the contestant, fundraising expenses, unused inventory, loan interest outside the contest period, auditor’s fees, preparing reports and replacing damaged property)

What are “other” leadership campaign expenses?

Some leadership campaign expenses, which are reasonably incurred as an incidence of the contest, do not fit into any specific expense category. They are called “other” leadership campaign expenses.

Property or services used before or after the leadership contest

Expenses for property or services used before or after the leadership contest are leadership campaign expenses if they were incurred as an incidence of the contest. Some expenses are not part of the campaign at all. The table below can help a campaign decide how to categorize an expense.

Property or services used before the contest starts	Property or services used after contest day
<p>The campaign should ask:</p> <p>If the contestant had not planned to participate in a future contest, would the expense still have been incurred?</p> <p>If yes, there is no leadership campaign expense to report.</p> <p>If no, then there is a leadership campaign expense to report. If the expense is not a:</p> <ul style="list-style-type: none"> • personal expense (Chapter 10), or • travel and living expense (Chapter 11) <p>then it is an other leadership campaign expense.</p>	<p>The campaign should ask:</p> <p>Did the expense reasonably serve some purpose related to the contest?</p> <p>If no, there is no leadership campaign expense to report.</p> <p>If yes, then there is a leadership campaign expense to report. If the expense is not a:</p> <ul style="list-style-type: none"> • personal expense (Chapter 10) • travel and living expense (Chapter 11), or • litigation expense (Chapter 12) <p>then it is an other leadership campaign expense.</p>

Note: The contest start date and end date (contest day) are indicated in the leadership contest report provided by the registered party.

Examples

1. The campaign rents an office on March 1, two weeks before the contest period starts. Contest day is September 30. The rental agreement is for seven months and the rent is \$300 a month. The leadership contest expense to be recorded is the rent for the six months of April to September, plus the rent for 17 days in March: $(\$300 \times 6) + (17 / 31 \times \$300) = \$1,964.52$. The remaining amount, \$135.48, is recorded as an other leadership campaign expense.

2. After contest day, the contestant invites volunteers to a thank-you party. Although the event is outside the leadership contest period, the expense is incurred as an incidence of the leadership contest. Accordingly, the expense has to be reported as an other leadership campaign expense.

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

The financial agent, the leadership contestant or an authorized leadership campaign agent can incur other leadership campaign expenses.

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

Typical “other” expenses

Leadership contest fees

Leadership contestants might be required to pay a contest entry fee to the registered party. This fee is an other leadership campaign expense.

As an other leadership campaign expense, the contest fee must be paid by the financial agent from the campaign bank account or from directed contributions withheld by the party. If the contestant pays the fee from their personal account, it must be reimbursed by the campaign or accepted as a non-monetary contribution.

If a non-refundable contest fee is more than \$10,000, contestants will automatically have to file interim campaign returns (unless they withdraw before the reporting deadlines).

Note: When a refundable compliance deposit is required, it is recorded as a transfer to the registered party 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 leadership contestant from the campaign bank account. It is an other leadership campaign 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.

Fundraising expenses

Some fundraising expenses are other leadership campaign expenses rather than leadership contest expenses, even if the fundraising takes place during the contest period. See **Fundraising expenses** in Chapter 7, **Fundraising**, for more information.

Note: Expenses associated with the production and distribution of advertising and promotional materials related to a fundraising activity are leadership 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 leadership campaign expenses. The expenses incurred to promote the event are leadership contest expenses.

Interest on loans before and after the contest period

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

Unused inventory

After the contest, the leadership 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 leadership contest expense but an other leadership campaign expense. This is the case except for unused signs promoting the contestant, which are always treated as leadership contest expenses.

Unused inventory should be sold at commercial value. The funds are then transferred to the registered party or a registered association of the party.

Example

During the contest period, 45,000 flyers are distributed and 5,000 remain in the campaign office unused. The purchase price of the 5,000 flyers is reported as an other leadership campaign expense.

Activities to close out the campaign

Expenses for activities to close out the leadership contestant's campaign are other leadership campaign expenses, rather than leadership contest expenses, even if the activities take place before the end of contest day. This is because they do not promote or oppose a contestant's selection.

The following are examples of closing activities:

- uninstalling equipment in the campaign office
- packing and cleaning the campaign office before vacating it

Auditor's fees

A leadership contestant's campaign that needs to file an auditor's report will receive a subsidy for audit fees. Elections Canada pays the subsidy directly to the auditor once it has:

- received the *Leadership Contestant's Campaign Return*, auditor's report and a copy of the auditor's invoice
- reviewed the contestant's return

The auditor's subsidy is calculated as follows:

- the amount indicated on the auditor's invoice to a maximum of \$2,583* or 3% of the contestant's leadership contest expenses—whichever is less
- a minimum of \$430.50*

*These amounts have been adjusted for inflation from the base amounts of \$1,500 and \$250. They are in effect for contests with a contest day between April 1, 2024, and March 31, 2025.

Note: Campaigns that pay the auditor in full before Elections Canada issues the subsidy will need to recover the subsidy from the auditor.

Note: If the auditor's subsidy is less than the total fee charged by the auditor, the difference is an other leadership campaign expense, and the contestant's campaign is responsible for paying the remaining amount.

Example

The financial agent submits the auditor's invoice for \$500 with the *Leadership Contestant's Campaign Return* and other required documents. The total amount of the contestant's leadership 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 \$430.50.

The financial agent pays the remaining \$69.50 to the auditor from campaign funds and reports the amount as an other leadership campaign expense.

Preparation of reports

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

Example

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

Replacement or repair of damaged property

A leadership contestant's campaign might incur unanticipated expenses during a contest period because of property damage, including to a campaign vehicle or office equipment. The expenses to repair property, or to obtain an equivalent replacement for the property or for the service it provided, are other leadership campaign expenses rather than leadership contest expenses. This is because the repair or replacement is not being used to promote the contestant beyond the original expense.

If the replacement has upgraded features that are used to further promote the contestant and has a higher commercial value than the original property, then the difference needs to be reported as a leadership contest expense.

Example

The contestant's campaign buys tablets for use during the contest period at a cost of \$150 each. One tablet breaks when it falls off a desk and can no longer be used. The campaign purchases an exact replacement at a cost of \$175. The original expense of \$150 is a leadership contest expense. The second expense of \$175 is an other leadership campaign expense.

14. Reporting

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

- *Reporting obligations before contest day*
- *Reporting obligations after contest day*
- *Additional reporting*
- *Supporting documents*
- *Submitting reports to Elections Canada*
- *Requesting a filing deadline extension*

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

Note: Financial returns submitted to Elections Canada are published, in whole or in part, on the agency's website.

Reporting obligations before contest day

Reports in this table must be submitted to Elections Canada, unless otherwise noted. Forms and instructions are available on the Elections Canada website.

Report	Description	Who is responsible
Date of registration		
<i>Application to Register as a Leadership Contestant</i> (EC 20420)	The contestant uses this form to register. It must include: <ul style="list-style-type: none"> the financial agent's and auditor's signed consent to act a declaration by the chief agent that the party has accepted the applicant as a leadership contestant a statement of contributions and loans received before the first day of the contest 	Leadership contestant and financial agent
3 weeks before contest day		
<i>Leadership Contestant's Interim Campaign Return</i> (EC 20193) (if applicable)*	This return lists inflows and transfers sent from the first day of the contest to four weeks before contest day.	Financial agent
First interim return	If the contest period is less than four weeks, only the second interim return is required.	
2 days before contest day		
<i>Leadership Contestant's Interim Campaign Return</i> (EC 20193) (if applicable)*	This return lists inflows and transfers sent from the day after the previous reporting period to one week before contest day.	Financial agent
Second interim return		
<p>*Required if contributions totalling more than \$10,000 are accepted or leadership campaign expenses totalling more than \$10,000 are incurred, starting from the first day of the contest. (Note that transfers that the contestant sends to affiliated political entities are not leadership campaign expenses.)</p> <p>If the \$10,000 threshold is reached after the first reporting period, only the second interim return is required, but it must cover the whole period from the first day of the contest to one week before contest day.</p>		

Reporting obligations after contest day

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

Report	Description	Who is responsible
5 months after contest day		
<p>Leadership Contestant's Statement of Expenses (EC 20197)</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>Leadership contestant</p> <p>Submitted to financial agent</p>
6 months after contest day		
<p>Leadership Contestant's Campaign Return (EC 20192)</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>Leadership Contestant's Statement of Expenses (EC 20197)</p> <p>Signed, with all supporting documents</p>	<p>The financial agent must submit the expenses statement with the <i>Leadership Contestant's Campaign Return</i>.</p>	<p>Financial agent</p>
<p>Auditor's report (if applicable)*</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 campaign return presents fairly the information contained in the financial records on which it is based.</p>	<p>Auditor and financial agent</p>
<p>Auditor's invoice (if applicable)*</p>	<p>Prepared and signed by the auditor.</p>	<p>Auditor and financial agent</p>
<p>*Required if the campaign accepted contributions totalling \$10,000 or more, or incurred leadership campaign expenses totalling \$10,000 or more. (Note that transfers that the contestant sends to affiliated political entities are not leadership campaign expenses.)</p> <p>It is very important to give the auditor enough time to properly audit the <i>Leadership Contestant's Campaign Return</i> before the deadline.</p>		

Additional reporting

In some cases, reporting obligations continue well past contest day. 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.

Report	Description	Deadline	Who is responsible
Leadership Contestant's Campaign Return (EC 20192)			
Corrected or revised, as requested by the leadership 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	Leadership contestant or financial agent
Corrected or revised, as requested by Elections Canada	On review, Elections Canada may request that the financial agent 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>Leadership 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
Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After Contest Day (EC 20002)			
Statement as of 18 months after contest day	This statement is required if the campaign still has unpaid claims and loans 18 months after contest day.	19 months after contest day	Financial agent
Statement as of 36 months after contest day	This statement is required if the campaign still has unpaid claims and loans 36 months after contest day.	37 months after contest day	Financial agent
*Claims and loans must be paid within 36 months after contest day. Authorization is required from Elections Canada or a judge to pay claims or loans more than 36 months after contest day.			

Supporting documents

A leadership contestant's campaign must keep a variety of supporting documents as a detailed record of its financial transactions. The documents must then be submitted with the financial return.

Supporting documents include the following:

- bank statements
- deposit slips
- copies of contribution cheques, copies of e-transfers received and statements from online contribution systems for contributions received directly by the campaign
- copies of contribution receipts for contributions received directly by the campaign
- the *Statement of Directed Contributions Received and Transferred to a Leadership Contestant*, completed by the party
- loan agreements (including terms, conditions and repayment schedules)
- invoices and proof of payment (cancelled cheques, copies of e-transfers sent, etc.) for expenses of \$50 and over
- proof of payment and a record of the nature of the expense for expenses under \$50
- salary agreements
- mileage logs
- other relevant documents

Note: Be sure to save electronic bank statements and other paperless records that the campaign might lose access to later.

Submitting reports to Elections Canada

Financial forms, registry 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 Political Entities Service Centre.

The EFR software is updated regularly. Check for the latest version before preparing a return.

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

Options for submitting reports to Elections Canada

Option 1—Online (Political Entities Service Centre)

Log in

- Log in to the Political Entities Service Centre or create a new account at csep-pesc.elections.ca. (Use the email address that Elections Canada has on file for you in the Registry of Leadership Contestants.)
- Click on the Electronic Financial Returns tab.

Campaign return

- Upload the submission files created by the EFR software (in PDF and XML formats) and any supporting documents.
- Follow the on-screen steps to apply digital consent and submit the return.

Any other report

- Where signatures are required, sign the pages by hand and scan the report.
- Upload the report (in PDF format) and any supporting documents.

Notes

- Other forms of electronic submission may not be accepted. If you are not using the Political Entities Service Centre to apply digital consent, handwritten signatures are required.
- The campaign can print a confirmation of its submission and track the status in the Political Entities Service Centre.
- When submitting online, there is no need to send physical copies by mail. We recommend keeping a copy of all documents submitted for six years after the contest.

Option 2—Mail or fax

Any financial reports

- Where signatures are required, sign the pages by hand.
- Send the reports to Elections Canada by courier, mail or fax.
- Send supporting documents to Elections Canada by courier or mail.

Address

Elections Canada
30 Victoria Street, Gatineau, Quebec K1A 0M6

Fax

Political Financing
1-888-523-9333 (toll-free)

Note

- We recommend keeping a copy of all documents submitted for six years after the contest.

Requesting a filing deadline extension

Reports eligible for an extension

The *Canada Elections Act* specifies deadlines for submitting reports. The financial agent or the leadership contestant may apply for an extension if they cannot submit certain reports 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.

Note: The *Canada Elections Act* does not allow extensions for the submission of the *Leadership Contestant's Interim Campaign Return* under any circumstances.

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

Leadership contest reports—extension requests			
Report	Extension from Elections Canada	Additional extension from Elections Canada	Extension from a judge
<i>Leadership Contestant's Interim Campaign Return</i>			
First or second interim return	No	No	No
<i>Leadership 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 contest day	Yes	No	Yes
Corrected or revised, as requested by the leadership contestant or the financial agent	Yes	Yes	No
Corrected or revised, as requested by Elections Canada	No	No	No*
<i>Leadership Contestant's Statement of Unpaid Claims and Loans 18 or 36 Months After Contest Day</i>			
Statement as of 18 months after contest day	Yes	No	Yes
Statement as of 36 months after contest day	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 leadership contestant can apply to a judge to be relieved of the obligation of complying with the request.			

Submitting an extension request to Elections Canada

To apply for an extension from Elections Canada, the financial agent or the leadership contestant may use the *Request for Extension of Filing Deadline* form. The request 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 leadership contestant is unable to file the required documents within the extended period, the leadership contestant or the financial agent may apply to a judge for an extension.

Submitting an extension request to a judge

To apply for an extension from a judge, an application must be submitted to one of the courts listed below. Any of the courts can be applied to, no matter where the campaign has its headquarters.

A copy of the application must be sent to Elections Canada by email or fax.

If the campaign sends a draft of its application to Elections Canada before filing it with the court, Elections Canada staff will verify whether the request will enable the campaign to fulfill its obligations and provide a letter confirming that it has been notified of the application.

Province or territory	Court that can receive the application
Alberta	Court of King's Bench of Alberta
British Columbia	Supreme Court of British Columbia
Manitoba	Court of King's Bench of Manitoba
New Brunswick	Court of King's Bench of New Brunswick
Newfoundland and Labrador	Trial Division of the Supreme Court of Newfoundland and Labrador
Nova Scotia	Supreme Court of Nova Scotia
Nunavut	Nunavut Court of Justice
Ontario	Superior Court of Justice of Ontario
Prince Edward Island	Supreme Court of Prince Edward Island
Quebec	Superior Court of Quebec
Saskatchewan	Court of King's Bench of Saskatchewan
Northwest Territories	Supreme Court of the Northwest Territories
Yukon	Supreme Court of Yukon

In the application, the campaign has to request a new deadline for submitting the documents to Elections Canada. Sometimes the new deadline will be for a past date. This happens when a campaign submitted its mandatory documents late before requesting an extension and is now regularizing its filing.

Extension to future date	Extension to past date (retroactive)
The campaign can request any reasonable date as the new filing deadline, based on its circumstances.	The campaign must request the date that all mandatory documents were received by Elections Canada as the new filing deadline.
Make sure the date chosen gives the campaign enough time to meet its obligations; otherwise, a new application will need to be filed with the court.	Please contact the Political Entities Support Network to get the correct date.

Note: If the campaign is not using a lawyer to prepare its application, it may wish to contact the registrar of the court for information on the process or ask a legal clinic for sample documents.

15. Managing Unpaid Claims and Loans

This chapter explains the rules for administering the campaign's unpaid claims and loans at different times after the leadership 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

Repaying claims and loans within 36 months

Claims and loans must be paid within 36 months after contest day. If a claim or loan remains unpaid from the time the original return is filed to 36 months after contest 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 *Leadership 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 leadership 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 additional contributions 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 contest day:

- the financial agent or leadership 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 *Leadership 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 contest day:

- the claimant or lender
- the financial agent
- the leadership 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 leadership 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 *Leadership Contestant's Campaign Return*.

For details about reporting unpaid claims and loans, see the **Additional reporting** table in Chapter 14, **Reporting**.

16. 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
- How to dispose of a surplus

What is a surplus?

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

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

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

Leadership campaign revenues	Leadership campaign expenses	Transfers made
<ul style="list-style-type: none"> • Monetary contributions made to the leadership contestant • Any other amount deposited into the campaign bank account that was received by the leadership contestant for their leadership 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 leadership contestant's campaign transfers to:</p> <ul style="list-style-type: none"> • the registered party, or • a registered association of the 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 leadership contest other than for the purposes of a contest.

If the campaign has any capital asset whose acquisition constitutes a leadership 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 leadership contestant's return, it may determine that the leadership contestant has a surplus of campaign funds. Elections Canada sends a notice about the estimated amount of the surplus to the leadership contestant's financial agent.

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

How to dispose of a surplus

Surplus leadership campaign funds have to be transferred to:

- the registered party, or
- a registered association of the party

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

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 *Leadership Contestant's Statement of Surplus / Amended Campaign Return* as a request to correct or revise the *Leadership 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 leadership contestant's campaign, please see **Closing the leadership contestant's campaign** in Chapter 2, **Starting and Closing the Leadership Campaign**.