

SUBUD CANADA'S AGENCY AGREEMENT WITH MSF

Under the Income Tax Act of Canada, a registered charity such as Subud Canada can carry on its charitable activities, both inside and outside Canada, in two ways: (1) it can make contributions to other organizations that are qualified donees; or (2) it can carry out its own charitable activities through intermediaries.

When carrying out its charitable activities OUTSIDE Canada, the registered charity must put in place a formal agreement with the intermediary (in this case the Muhammad Subuh Foundation), and must be able to show that it retains direction and control over the use of its resources.

So an agency agreement involves two parties: a registered charity, referred to in the agency agreement as the *principal*, and an intermediary (in this case MSF) referred to in the agency agreement as the *agent*.

After a number of months negotiating with Revenue Canada, which is Canada's tax body, Subud Canada was able to draw up an agency agreement with MSF that met with Revenue Canada's approval.

Under this agency agreement Subud Canada sets up a separate fund that is used specifically for the charitable work that it will carry on outside Canada through its agent, the Muhammad Subuh Foundation. Members who make a donation to this separate fund will be issued an official receipt by Subud Canada, allowing them to claim a tax credit on their income tax return equal to 16% of the first \$200 and 29% on the remaining amount of their donation.

With this incentive, it is extremely likely that more Canadian Subud members will contribute to MSF than previously had been the case.

There is one important proviso, however: The funds sent to MSF may be used by MSF only for the following four activities:

1. The preservation, translation and dissemination of Bapak's and Ibu Rahayu's talks.
2. The construction and acquisition of Subud Houses.
3. The maintenance of the international archives.
4. The writing of the history of Subud.

There are other restrictions in this agency agreement, but they are mainly of a housekeeping nature.

A copy of this Agency Agreement is available by e-mail attachment to any national body that wishes to examine it for possible use in their country. Send your request to lesters@telus.net.