

August 23, 2021

2021 Election Finance Rules Q & A – Issue 1

Dear candidates and official agents:

With the Federal Election called for September 20, 2021, we have been fielding several interesting questions regarding the finance rules pertaining to the campaign. The 2021 Political Financing Handbook introduced many changes to the election rules and many existing sections were replaced. We conducted a webinar for Official Agents on August 22, 2021 and have posted it on our website – www.impactcpas.ca. This periodical newsletter is produced to share our response to questions from the webinar and any other finance related questions during the election period.

Q1: What is the Election Period for the 2021 Federal Election? Why is it important to be precise in the number of days?

A: Election period means the period beginning with the issue of the writ and ending on polling day. For the 2021 election, the election period runs from August 15, 2021 to September 20, 2021 inclusively, totaling 37 days. Certain expenses have to be pro-rated between writ period and outside of writ-period. (More on the expenses next week).

Q2: When can I open the bank account and what name should it be under?

A: The bank account should be used exclusively for the candidate's campaign and can be opened before or after the candidate's nomination is confirmed or before an election is called. A bank account is required before any funds are accepted (contributions, transfers or loans) or spent by the campaign. It should be under the official agent's name as follows: (name), official agent; or: (name), official agent for (candidate's name).

Q3: Are there any specific requirements regarding advertising materials?

A: All advertising materials going to the public should mention that they are authorized by the office agent. For example: "Authorized by the official agent of (candidate's name)".

Q4: Can you please give an example of how to calculate the benefit for a fundraising dinner or reception - for example - do you include the tax and tip and room rental or just the food and beverage amount without tax divided by the number of people expected?

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

- If held in a rented venue: cost of room rental and catering (prorated).
- If held in a restaurant: cost of meal that the restaurant would normally charge.
- Door prizes and complimentary items (pens, keychains etc.).
- Rental of audiovisual equipment and other general expenses (prorated).

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Note:

1. Sales taxes and gratuities are **EXCLUDED** only from the cost of food and beverages when calculating the benefit received. This is different from Election Ontario's rules, which includes taxes and tips when calculating per-person direct costs.
2. The benefit is calculated based on the expected rather than the actual number of attendees.

Example: A ticketed fundraising dinner is held in a rented venue with 30 expected attendees. Each ticket costs \$100. Expenses include:

Room rental (\$900)+taxes (\$117) \$1,017.00
 Catering before taxes and tips: \$600.00
 Live band: \$450.00
 Cup with candidate's name *: \$5.00

The contribution for each ticket purchaser is calculated as:

Ticket price: \$100.00

Room rental (\$1,017/30): \$(33.90)
 Catering (\$600/30): \$(20.00)
 Live band (\$450/30): \$(15.00)
 Cup *: \$ --

Contribution: \$31.10

* In this case, the total value of benefits received that are not central to the fundraising dinner (cup with candidate's name) does not exceed 10% of the amount given (\$5 / \$100 = 5%) or \$75. Therefore, the benefit is not considered significant and *de minimis* threshold applies. The fair market value is not deducted from the participation fee.

Q5: What are the contribution limits for the 2021 Election?

A: As per the Political Financing Handbook for Candidates and Official Agents published by Elections Canada:

Limits on contribution, loans and loan guarantees	
Political entity	2021 annual limit
To each registered party	\$1,650
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,650
In total to all leadership contestants in a particular contest	\$1,650
To each independent candidates	n/a

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