

# Chapter 1 – General information

## What is a non-profit organization?

A NPO, as described in paragraph 149(1) (l) of the Income Tax Act, is a club, society, or association—**that is not a charity, as defined in the Act** – and that is organized and operated solely for:

- social welfare;
- civic improvement;
- pleasure or recreation; or
- any other purpose except profit.

To be considered a NPO, no part of the income of such an organization can be payable to or available for the personal benefit of any proprietor, member, or shareholder, unless the proprietor, member, or shareholder is a club, society, or association whose primary purpose and function is to promote amateur athletics in Canada.

An NPO is exempt from tax under Part I of the Act on all or part of its taxable income for a fiscal period if it meets all of the above requirements for that period.