



ELECTIONS BC

ELECTORAL FINANCE NEWSLETTER

Congratulations to each of you that supported the 412 candidates in the 2005 General Election. Your participation is an important part of the democratic process.

Parts of that process can be a little complex and so this issue of the newsletter will focus on candidates and common issues we encounter regarding their election financing reports.



Filing Election Financing Reports

Due date

Every candidate must file an election financing report with Elections BC by August 15, 2005. All registered political parties and registered constituency associations that were represented by a candidate must also file a financing report.



The reports must be on forms provided by Elections BC and be received by our Victoria office by 4:30 p.m. (Pacific time) on August 15.

How to file a report

- Deliver, mail or courier the report to our Victoria office but be sure to send it in time to ensure delivery before the deadline. **A postmark is not acceptable** – the report has to be received by us by August 15.
- Fax the report to our Victoria office. You can use our toll-free fax at 1-866-466-0665 or our regular fax at 250-387-3578.
- Deliver the report to any Service BC Government Agent's office.

Audits

Although every candidate had to appoint an auditor, not every candidate will need to use the services of their auditor. An election financing report only needs to be audited if the value of election expenses or political contributions is \$10,000 or more. If your report doesn't meet that threshold, you don't need to file an auditor's report.

But if you did incur \$10,000 or more in election expenses or received \$10,000 or more in political contributions, including political contributions of goods and services, you must have an audit done and file the auditor's report with your election financing report. If an auditor's report is needed and you don't file it with the election financing report, we won't be able to accept the financing report as filed. So it's very important that you determine now if you are going to need an audit so you can give the auditor enough time to do their work before the August 15 deadline.



Common Errors & Omissions in Candidate Financing Reports

Nomination deposits

Every candidate had to pay a \$100 nomination deposit. This means that every candidate had at least one election expense of \$100. It gets reported in the 2nd column on the Summary of Election Expenses (Sm-E) – the column headed "Election Expenses Not Subject to Limits". The nomination deposit is **not** a personal expense of the candidate and is not reported on the personal expenses forms (Sm-PE1 & Sm-PE2).



Many candidates paid their \$100 nomination deposits themselves, before the campaign bank account was established. If your candidate did this, don't forget that the \$100 is a political contribution from the candidate and must be reported like any other political contribution.

Nomination contests

If a candidate was in a nomination contest, they must report all the political contributions and fundraising functions that were in relation to the nomination contest, as opposed to being in relation to the candidacy itself. These have to be reported even if they happened months or years before the election was actually called. But expenses in relation to a nomination contest only have to be reported if the contest happened after the election was officially called on April 19, 2005.

Transfers

Transfers happen when candidates, registered constituency associations and registered political parties exchange money, goods or services without getting anything in return (for example, a registered political party giving money to a candidate). But if a candidate pays the party for signs, etc., that is not a transfer.

It's important that both sides of a transfer are reported accurately in the election financing reports. Elections BC reconciles all transfer details reported by the giver of the transfer to the details reported by the receiver of the transfer.

Your election financing report will be reviewed more quickly by Elections BC if the transfers all agree.



Candidates making political contributions to their own campaigns

Candidates can make political contributions of money to their own campaign but the value of goods or services provided by the candidate to their own campaign are not political contributions.

Candidate contributions of money must be reported in the same way as any other political contribution.

Closing Bank Accounts

There is no deadline for closing a candidate bank account. But if there is any money left in the account or if the account is in a negative balance when you file your election financing report, you will need to file a second election financing report disclosing the transactions that happened since the first report was filed. The final report must show the bank balance at 0.

If a candidate's campaign has any money left once all the bills have been paid, the *Election Act* has very specific rules about where that money goes:

	Surplus Money Goes To
Candidates with a registered constituency association	Registered constituency association
Candidates with a registered political party but no registered constituency association	Registered political party
Independent or non-affiliated candidates	Elections BC, to be held in trust

Income Tax Receipts For Political Contributions to Candidates

Tax receipts for political contributions can only be issued for political contributions of money. This means that the political contribution was made by cash, cheque, money order or credit card. Tax receipts cannot ever be issued for political contributions of goods or services. And tax receipts for political contributions to candidates can only be issued for contributions received after the candidate got their Certificate of Candidacy and before the writ was returned. The writs for all electoral districts except Vancouver-Burrard, were returned on June 8. The Vancouver-Burrard writ was returned on June 10.

Fundraising Functions

The rules around fundraising functions are very complex and can be confusing.

A fundraising function is defined as "a social function held for the purpose of raising funds for the organization or individual by whom or on whose behalf the function is held." Some meetings don't meet this definition if they were simply meetings and not intended to raise money. During an election period though, raising money is pretty important so most events, other than nomination meetings, probably are fundraising functions!

If tickets are sold for entry to a fundraising function, the price paid is a political contribution if:

- the ticket price is more than \$50;
- an organization purchases tickets (at any price); or
- an individual purchases more than \$250 worth of tickets.

Events such as garage sales, bake sales and auctions may also result in political contributions. If someone donates an item or service that is sold at a fundraising function, and the item is worth \$250 or less, that donation is not a political contribution. If the item is worth more than \$250, it is a political contribution.

When someone buys something at a fundraising function it is not a political contribution if they pay market value or less. However, if they pay more than market value, they are making a political contribution equal to the difference between market value and the amount they paid. For example, if a person pays \$1,000 for a set of golf clubs worth \$250, they are giving a political contribution of \$750 (\$1,000 - \$250).

Joint fundraising functions have been a source of confusion. If a fundraising function is co-sponsored between a registered political party, its registered constituency associations or its candidates, each entity should report their income and expenses of the function. Include a note that it was a joint function and that you are only reporting your share of the transactions. Remember, tax receipts can only be issued by the financial agent or deputy financial agent of the organization or candidate to whom the payment was made. So if all the tickets were sold by the registered constituency association, only the constituency association's financial agent or deputy financial agent can issue the tax receipts, not the candidate's financial agent.

More information

There is lots more information available about filing your election financing report. Every financial agent was mailed a copy of our Guide for Financial Agents and our Election Financing Report Completion Guide. There is also an Auditor's Guide. All the guides are available on our Web site at www.elections.bc.ca or we will mail you a copy if you call us at 250-387-5305 or toll-free at 1-800-661-8683.

Also on our Web site is an on-line training session in which you can pick the topics that you want to listen to.

It's available at:

http://www.elections.bc.ca/fin/elect_finance/OLT05/OLTintro_1.htm

And of course, one of us at Elections BC is nearly always available to talk to you on the phone if you have any questions. Call us at 250-387-5305 or toll-free at 1-800-661-8683.

We look forward to hearing from you!!

Questions?

For more information
phone toll-free 1-800-661-8683
TTY 1-888-456-5448

or contact

Elections British Columbia
Mailing Address: PO Box 9275 Stn Prov Govt
Victoria, BC V8W 9J6

Phone: (250) 387-5305
Facsimile: (250) 387-3578
Toll-free Facsimile: 1-800-661-8683
Web site: www.elections.bc.ca
Email: electionsbc@elections.bc.ca

