

# UNDER LAYERED SUSPICION

## A REVIEW OF CRA AUDITS OF MUSLIM-LED CHARITIES

Muslim-led charities have for years expressed concerns about the selection, frequency, and reasoning behind audits of their organizations.

The findings from *Under Layered Suspicion* suggest that there is a basis for these concerns. The report identifies whole-of-government policies and patterns of audit practices that together demonstrate potential biases in Canada Revenue Agency (CRA) audits of Muslim-led charities.

*Under Layered Suspicion* draws attention to the Government of Canada's anti-terrorism financing and anti-radicalization policies. When these policies are operationalized by the CRA, they create the conditions for potential bias against Muslim-led charities. The study shows that in the crosshairs of these policies, Muslim-led charities are uniquely vulnerable to penalties or even deregistration.

This vulnerability takes shape through ordinary auditing techniques that occur in complicated global times. *Under Layered Suspicion* analyzes the evidence and methods of interpretation of three audits in light of the political context within which they took place.

This report questions whether Muslim-led charities can be treated fairly in the course of audits that occur under the shadow of Canada's anti-terrorism financing and anti-radicalization regimes.

The findings emphasize the need for the Government of Canada to formally investigate patterns of bias within the machinery of its agencies and bureaucracies, and create mechanisms of accountability.

Read the report at: [layeredsuspicion.ca](http://layeredsuspicion.ca)

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### STRUCTURAL BIAS | Othering Muslims

A bias that casts Muslims, and their lifestyles and activities, as inherently foreign or outsider. It makes the idea of a 'domestic Canadian Muslim' questionable.

**HOW THIS STRUCTURAL BIAS CAN AFFECT AUDITS:** This bias enables suspicions that Canadian Muslim-led charities serve foreign interests.



### STRUCTURAL BIAS | Formatting Religion

A bias that makes it hard to label as "religious" any activity that is not formatted along Christian ideals and practice.

**HOW THIS STRUCTURAL BIAS CAN AFFECT AUDITS:** This bias has the potential to create suspicion about the ways Muslim-led charities advance their religion for purposes of charities law in Canada. This bias can impose an added burden on non-Christian minority religious groups that organize themselves through charitable organizations.



### POLICY | Anti-Terrorism Financing

A whole-of-government policy that can be used to suspect Muslim-led charities as especially vulnerable to terrorist financing.

**HOW THIS POLICY CAN AFFECT AUDITS:** This policy can unduly inform which organizations the CRA audits under the cover of national security and anti-terrorism financing, and how information obtained during the audit process is interpreted and operationalized.



### POLICY | Counter-Radicalization

A whole-of-government policy that looks for, anticipates, and prevents radicalization and extremist violence before it happens.

**HOW THIS POLICY CAN AFFECT AUDITS:** This policy can bias audits based on little more than stereotypes about race, religion and proclivities to violence.



### MECHANISM | Tax Audits

Tax audits are tools used by the government to ensure that a charity is complying with the Income Tax Act.

**HOW THIS MECHANISM GETS USED:** The use of a tax audit for ordinary compliance purposes can be used to achieve results that might not be possible through more formal anti-terrorism or counter-radicalization measures. Tax audits offer possible administrative cover for structural biases in the anti-terrorism financing and anti-radicalization policies, which in turn can shape the gathering, analysis, and interpretation of evidence in audits of Muslim-led charities.

### CASE STUDY

#### Ottawa Islamic Centre and Assalam Mosque

##### SUSPICIONS WITHIN THE AUDIT:

The Ottawa Islamic Centre lost its charitable status for non-compliance with the Income Tax Act, but was suspected of violating the 'public benefit' because of the possibility that its invited speakers' presumed, not substantiated, speeches may have promoted radicalization.

##### QUESTIONS THAT EMERGE FROM REVIEWING THE AUDIT:

- What kind of speech is or isn't of public benefit in a democracy like Canada?
- Who can espouse conservative ideas freely, and whose conservative values attract the label of radicalization?

### CASE STUDY

#### Islamic Shi'a Assembly of Canada (ISAC)

##### SUSPICIONS WITHIN THE AUDIT:

The Islamic Shi'a Assembly of Canada (ISAC) was suspected of having ties to Iran and financing terrorism.

##### QUESTIONS THAT EMERGE FROM REVIEWING THE AUDIT:

- How do we understand and regulate religions that do not fit the Common Law framing of "advancing religion", which draws upon a Christian understanding of religion?
- To what extent do changing multilateral diplomatic relations influence the timing, targeting, and interpretive lens of domestic audits?

### CASE STUDY

#### International Relief Fund for the Afflicted and Needy Canada (IRFAN-Canada)

##### SUSPICIONS WITHIN THE AUDIT:

IRFAN-Canada was suspected of having links to Hamas in Palestine.

##### QUESTIONS THAT EMERGE FROM REVIEWING THE AUDIT:

- To what extent do domestic political debate about complex global affairs influence the timing, targeting, and interpretive lens of domestic audits?
- How does the CRA ensure the evidence it uses counters dominant and reductive frames that link Muslims, Arabs, and Islam to terrorism?

### "Risk Based Assessment"

The Government of Canada's "risk based assessment" model associates:

