



DO Issue Receipts For...

- A donation made voluntarily/freely for a transfer of property, for which no consideration or advantage was received
 - Property is anything tangible or intangible that a person or entity owns, including
 - Real property land and buildings
 - <u>Personal property</u> cash, equipment, furniture, clothing, art, stocks, patents, copyrights etc.
- Keep copies of receipts for 2 years

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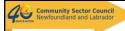
DON'T Issue Receipts For...

- Gifts of property for which consideration or an advantage has been received (consider Split Receipting)
- Gifts of services
- Gift cards/certificates donated by the issuer (at the time the donation was made)
- · A non-cash gift for which fair-value cannot be determined
- Gifts provided in exchange for advertising or sponsorship
- Amounts collected for the chance to win a prize (lotteries/raffles)
- Admission fee to an event or program
- Pledges or promises to donate
- Gifts given for a specific individual/family

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Fair Market Value (FMV)

- FMV of property is the highest price a buyer would pay in an open, unrestricted market, where the seller and buyer are both knowledgeable, informed and acting independently from each other
- Gifts with FMV < \$1,000 = an individual with sufficient knowledge of the property and who is competent and qualified may assign a value
 - This can be a member of the charity or another individual

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Fair Market Value (FMV)

 Gifts with FMV > \$1,000, CRA 'strongly recommends' the property be professionally appraised by a 3rd party

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Split Receipting

- If a donor receives consideration/advantage related to a gift, a receipt can only be issued for the difference between the Fair Market Value (FMV) of the gift and the FMV of the consideration/advantage
 - FMV gift minus FMV of consideration/advantage = amount eligible for charitable receipt
- Generally, if the FMV of the consideration or advantage is 80% or more of the FMV of the gift, cannot issue a receipt

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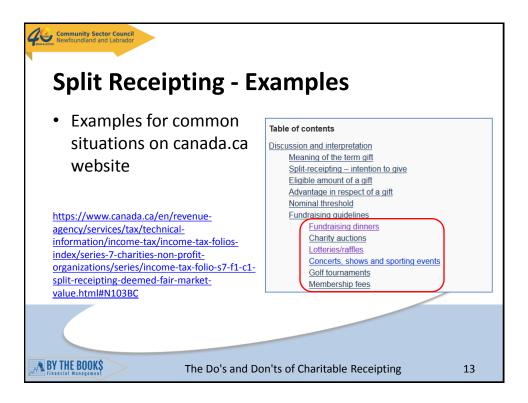
Split Receipting

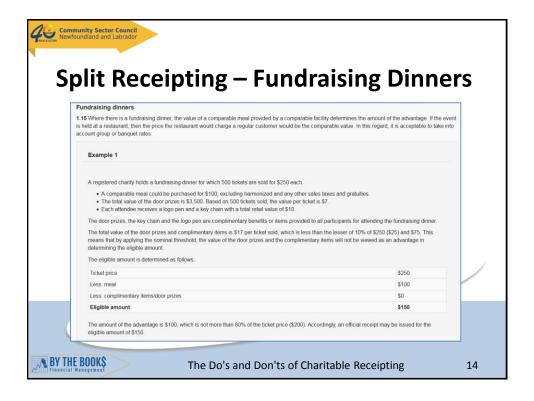
- <u>De minimus rule</u> certain advantages are of nominal value and are considered too minimal to affect the value of a gift
 - The advantage must have a FMV of the lower of:
 - 1. 10% of the FMV of the gift
 - 2. \$75
- De minimus does not apply to
 - cash or near-cash equivalents (redeemable gift certificates, vouchers, coupons)
 - Objects of a fundraiser (i.e. meal at a fundraising dinner, golf green fees at a golf tournament, etc.)

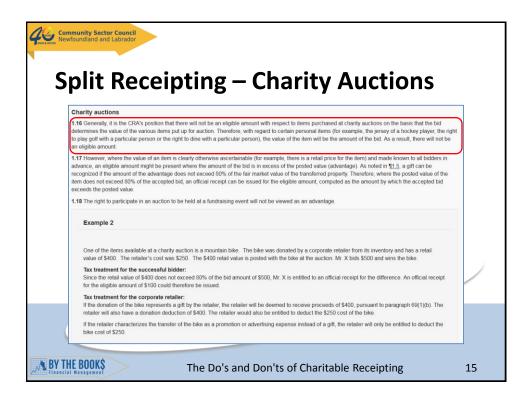
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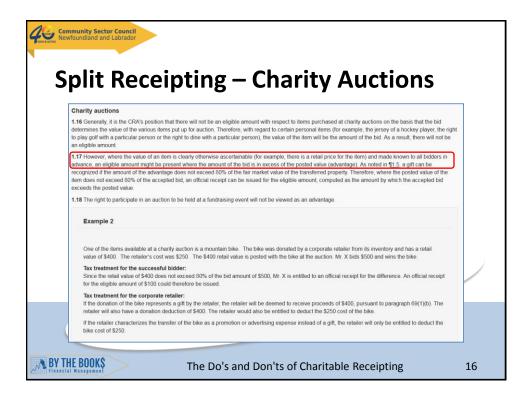
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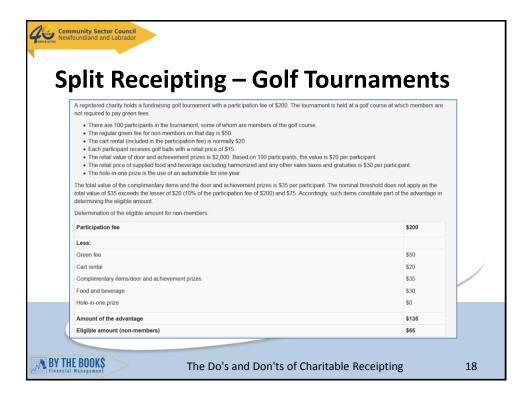


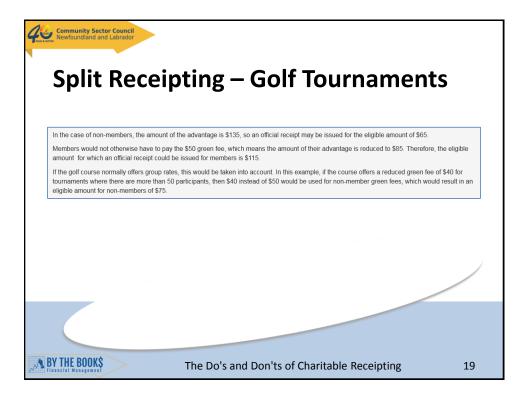














Gifts of Services

- Strictly speaking, no receipt can be issued for a gift of service
- However, a receipt can be issued if there are 2 separate and distinct transactions:
 - 1. A service is provided to the charity, the service-provider bills the charity as normal and the charity pays the bill
 - The service provider then makes a cash donation to the charity
 - Has to be a distinct audit trail of 2 transactions (invoice to charity and payment of invoice vs. cash donation)

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Gifts of Gift Cards/Certificates

- A receipt may be issued if:
 - The donor is <u>not</u> the issuer of the gift card/certificate; or
 - The donor is the issuer, no consideration was received and the gift card/certificate has been redeemed
 - Gift cards/certificates donated by the issuer to use in an auction or raffle (to be redeemed by a 3rd party) are not income to the charity and no receipt is issued

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Sponsorship

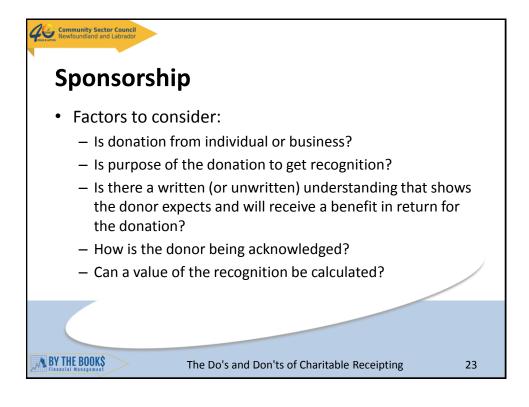
A business makes a donation to a charity and the charity advertises the business's brand, products or services

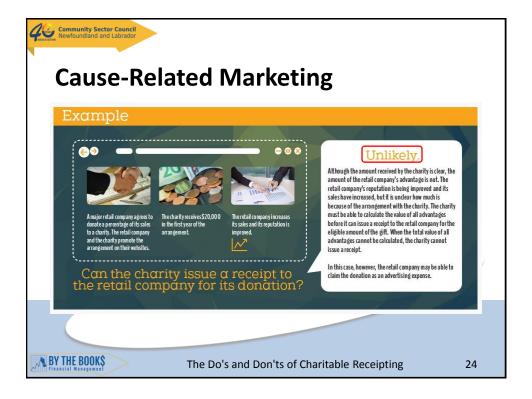
- DO issue a receipt if advertising is same as all other donors and is minimal (i.e. simple recognition in a program)
- DON'T issue a receipt if advertising is significant (i.e. banners or advertising of products) or donor receives special treatment
 - Cannot determine the FMV of such an advantage,
 therefore cannot issue a receipt

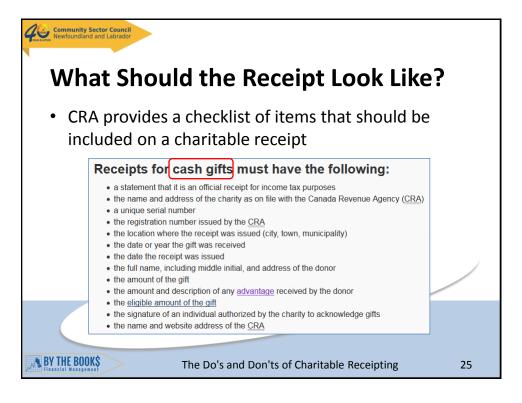
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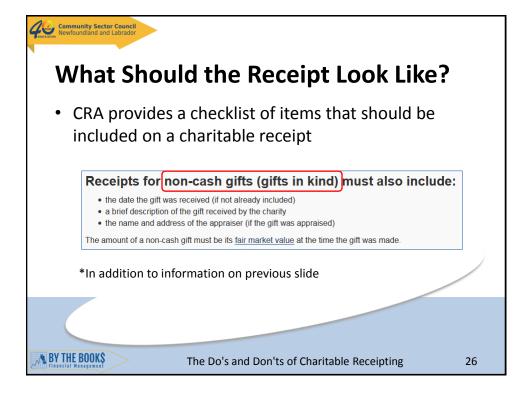
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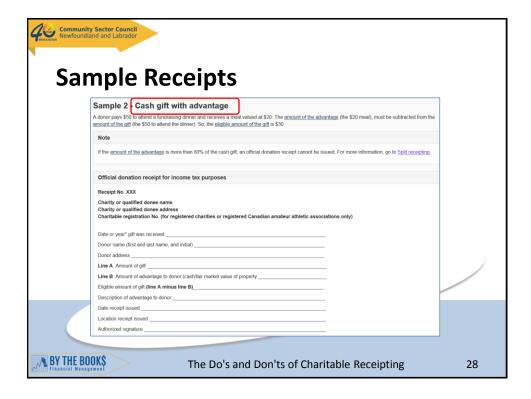


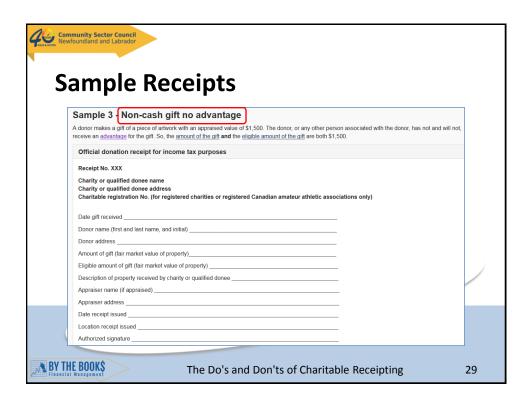


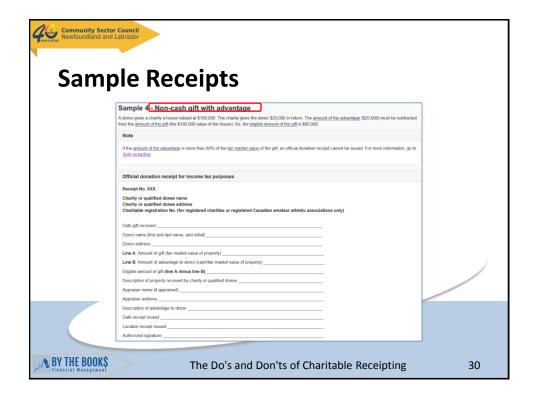














When Should I Issue a Receipt?

- No timeframe per Income Tax Act, HOWEVER
 - Donations must be recorded in year donation was received
 - Receipt must indicate year donation was made
- CRA suggests by Feb 28 the following year
- Can issue receipts periodically throughout the year
 - For cash receipts, can issue 1 receipt at end of year
- Separate receipts must be issued for non-cash gifts (gifts in kind)
- BEST PRACTICE issue receipts in year received

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Computer Generated Receipts

- · All required information included
- Clear and easy to read
- Data cannot be altered and protected from unauthorized access
 - Computer is password protected and restricts duties re: entry to and modification of donor records
 - Donor records stored on non-erasable media
 - Hard copies can be printed on request

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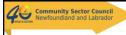
Emailing Receipts

- Should be in read-only or non-editable format
- Should be protected from hackers (appropriate software)
- Document encrypted and signed with electronic signature
- Access to electronic signatures controlled
- Copies of email-issued receipts kept by the charity

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Consequences of Improper Receipting

<u>Incorrect or incomplete information</u> – charity may incur a penalty of 5% of the eligible amount

- Increases to 10% if repeat offense within 5 years
 Deliberately false information charity may incur a penalty of 125% of the eligible amount
- If penalties exceed \$25,000, charitable status could be suspended for 1-year

"A registered charity that contravenes or continues to contravene the receipting requirements of the Income Tax Act could also have its registration revoked."

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Correcting or Replacing a Receipt

- The replacement receipt should include:
 - All required information
 - The serial number of the original receipt
 - A statement that it replaces the original receipt
- Original receipt should be kept and marked 'cancelled'

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Resources

✓ CRA – Gifting and receipting:

https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/gifting-receipting.html

✓ Sample official donation receipts:

https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/sample-official-donation-receipts.html

✓ Download Handouts!

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