

# Charity Central

## Issuing Receipts in Specific Situations

### Receipting - Issuing Receipts in Specific Situations

This section of Frequently Asked Questions covers issuing proper tax donation receipts in a variety of **specific situations**, for example: membership fees, volunteer expenses, anonymous donations, raffle tickets and auction items. There are thirty-one questions divided into three sections:

1. [General Questions](#)
2. [Who is the Donor?](#)
3. [Fundraising Context](#)

To read CRA's policy commentary on issuing a receipt in a name other than the donors see [CPC-010](#)

**Remember:** You can move around the FAQs by choosing from the six (6) main question areas listed in the left hand menu under FAQs or you can use the Search box found in the top right corner of every page.

## General Questions about Specific Gifts

### Issuing Receipts in Specific Situations - General Questions

[S1. Our charity gives a very small token of appreciation to each donor. It is worth almost nothing. Must the amount as it appears on the official donation tax receipt be reduced by the cost of that token?](#)

[S2. A donor gave our charity a cash donation, but asked that the monies be forwarded to a specific family. Do we issue an official donation receipt?](#)

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S7. One of our donors would like to make a donation and receive advertising or sponsorship status in return. Can our charity do this and, if so, how should we make out the receipt?

S8. Can we take up a collection and raffle the receipt? A group of 20 people from work will each contribute \$20 toward a \$400 donation to charity. We would like to raffle a receipt for \$400. Can we do this?

S9. Our charity received a donation of a \$100 gift certificate from an aesthetician for a facial. How much should the receipt be for?

S10. Our charity received a donation of a \$100 gift certificate from someone who purchased the gift certificate from an aesthetician. Can we issue an official donation receipt and for how much?

S11. Can official donation receipts be issued for publicly traded shares or stock options?

S12. Our charity received a donation of a life insurance policy. How should the receipt be issued?

S13. Our registered charity received a donation in the form of an RRSP death benefit. How should we issue the receipt?

S14. Our registered charity received a donation of an artist's painting. How do we determine the amount for the official donation receipt?

**S1. Our charity gives a very small token of appreciation to each donor. It is worth almost nothing. Must the amount as it appears on the official donation tax receipt be reduced by the cost of that token?**

**S1. Our charity gives a very small token of appreciation to each donor. It is worth almost nothing. Must the amount as it appears on the official donation tax receipt be reduced by the cost of that token?**

**Short answer**

It depends on the value of the token. The token of appreciation is considered an "advantage". How the value of the advantage influences the amount of the donation receipt is dependent on the amount of the *de minimis* threshold.



## Long answer

Certain advantages are considered too small (known as “*de minimis*”) to affect the amount of the donation receipt. The *de minimis* threshold is the **lesser** of 10 per cent of the value of the property transferred or \$75.

### Example

A donor gives a charity \$200

- As a thank you, the charity gives the donor a tote bag worth \$17
- The *de minimis* threshold is the lesser of \$20 (10 per cent of \$200) or \$75. Therefore, \$20
- The \$17 tote bag is worth less than \$20
- Therefore, the receipt will show a donation in the amount \$200

### Example 2

A donor gives a charity \$200

- As a thank you, the charity gives the donor a sweatshirt worth \$22
- The *de minimis* threshold is \$20 (10 per cent of \$200) or \$75. Therefore the threshold is \$20
- The \$22 sweatshirt is worth more than \$20
- Therefore, the receipt will show a donation in the amount \$178

### Exception to the *de minimis*

*De minimis* does not apply to cash or near cash equivalents such as gift certificates, coupons, and vouchers.

### Example 3

A donor gives a charity \$200

- As a thank you, the charity gives the donor a coupon worth \$15
- The *de minimis* threshold does not apply
- Therefore, the receipt will show a donation in the amount \$185

## **S2. A donor gave our charity a cash donation, but asked that the monies be forwarded to a specific family. Do we issue an official donation receipt?**

**S2. A donor gave our charity a cash donation, but asked that the monies be forwarded to a specific family. Do we issue an official donation receipt?**

### **Short answer**

No. Your charity may not issue a receipt if the donor has directed the charity to give funds to a specified person or family.

### **Long answer**

A donation subject to a general direction from the donor that the gift be used in a particular program operated by the charity may be receipted as long as the donor or anyone close to the donor will not receive any benefits.

### **Example**

An international development organization or faith-based group selects individuals who are eligible for an overseas posting based on the candidate for the placement raising a set amount of contributions to defray the cost of the trip and the posting. Under such arrangements, official donation receipts may not be issued for these contributions.

### **Exception**

A donor may be able to receive a receipt for a gift directed toward a person, family, or other non-qualified donee if they have been identified beforehand by your charity as recipients of your charitable program. The charity, however, must be able to reallocate all donated funds to other charitable programs or activities when it deems appropriate.

## S3. Are membership fees considered donations? Can donation tax receipts be issued?

### S3. Are membership fees considered donations? Can donation tax receipts be issued?

#### Short answer

The payment of a membership fee may or may not result in an eligible amount: it depends on whether there is an advantage, what amount that advantage is, and whether the membership fee exceeds the amount of the advantage. Specifically, if the amount of the advantage is 80 per cent or less of the amount of the membership fee, an official donation tax receipt may be issued for the eligible amount.

#### Long answer

A membership fee is considered a gift as long as it gives only the right to vote at a meeting and to receive reports of the charity's activities, unless such reports are also sold. If the reports are available for a fee to non-members, they are valued as an advantage (benefit) and may affect the amount of the official donation tax receipt.

#### Example

The purpose of the registered charity is to promote musical education in youth through the creation of a youth orchestra. For a membership fee of \$200, a member will receive:

- the right to notice of, and attendance at, all meetings of the charity;
- recognition as a donor on all concert programs;
- a subscription to the charity's monthly e-mail updates otherwise available free of charge, which provides concert dates, reviews, performer profiles, and so on;
- an "I Support the Youth Orchestra" bumper sticker normally sold for \$5;
- a discount on all performances throughout the year, valued at \$50;
- tickets for free refreshments at the concerts, valued at \$25;

Determination of eligible amount	
membership fee	\$200
membership fee	(\$80)
	bumper sticker \$5
	performance discount \$50
	refreshment tickets \$25
eligible amount	\$120

As the amount of the advantage (\$80) is less than 80 per cent of the \$200 membership fee (80 per cent is \$160), it meets the intention to make a gift threshold. An official donation receipt may be issued for the eligible amount of \$120.

## **S4. Can a company donate goods out of its inventory? If so, how much can the official donation receipt be issued for?**

**S4. Can a company donate goods out of its inventory? If so, how much can the official donation receipt be issued for?**

### **Short answer**

Yes, this is considered gifts in kind. A company can donate from its inventory and a receipt may be issued for gifts in kind of property included in the donor's inventory.

### **Long answer**

A gift of inventory is considered to be given at fair market value. So, the value on the official donation receipt should be identical to the fair market value. The receipt issued must state that the gift is a gift in kind and must provide a brief description. The business then has to include in its income the fair market value of the gift.

The income of the company who donated from its inventory is increased because it must include the value of the gift. This increase, however, is offset by the charitable deduction.

Where a transaction results in a material benefit to the business,

- the rules related to split receipting may apply;
- or**
- the benefit may be such that no part of the transaction can be considered a gift.

In cases where there is consideration, a business may claim these costs as promotional expenses rather than seeking a charitable donation receipt.

Most non-monetary donations, commonly called gifts in kind, are subject to special rules about how their fair market value is calculated. [Gifting and receipting- Questions and Answers](#) outlines the details on these special rules.

## **S5. Our charity wants to show its appreciation for a volunteer who spent many hours on a project. Can we issue a donation receipt for the volunteer's services?**

**S5. Our charity wants to show its appreciation for a volunteer who spent many hours on a project. Can we issue a donation receipt for the volunteer's services?**

### **Short answer**

No. Contributions of services (that is, time, skills, or effort) do not qualify as gifts. To qualify as gifts, there has to be voluntary transfer of property.

### **Long answer**

To show its appreciation, your charity could pay the volunteer for services rendered and later accept the return of all or a portion of the payment as a gift, provided it is returned voluntarily. An official donation tax receipt can then be issued. In this case, the volunteer is responsible to claim the income.

## **S6. Can an official donation receipt be issued to volunteers for expenses incurred on behalf of our charity if they bear the cost of those expenses?**

**S6. Can an official donation receipt be issued to volunteers for expenses incurred on behalf of our charity if they bear the cost of those expenses?**

### **Short answer**

Yes, your charity can issue an official donation receipt as long as there is proper documentation to support the expenses and certain requirements are fulfilled.

The requirements are that

- the volunteer has incurred the expenditures on behalf of the charity
- the volunteer has a right to be reimbursed for such expenditures by the charity under an agreement between the volunteer and the charity



If the requirements are met, there are two options:

- the charity issues the volunteer a cheque for the amount of the expenses claimed by the volunteer and which are supported by receipts and the volunteer freely chooses to give some or all of the reimbursement back to the charity

The CRA encourages the charity and the volunteer to exchange cheques: that is, the charity issues a cheque to the volunteer covering the expenses and the volunteer then writes a cheque to the charity for the same amount. Using this cheque exchange results in proper financial records for the charity and a document confirming the volunteer's gift.

- the charity may treat the reimbursement as a gift in kind and issue a receipt for income tax purposes. In this case, the charity should have written direction from the volunteer.

For example, the volunteer might write and sign:

**“I [name written out in full] donate as a gift to [name of the charity in full] \$[the amount owing] to which I am entitled as reimbursement for [purpose of the expenses] and would otherwise be given to me by cash or cheque.”**

If the charity issues a donation receipt, it should report the amount of the eligible amount as an expense and the gift or donation as revenue on its Registered Charity Information Return (Form T3010).

### **More**

A charity should have a policy in place on reimbursing volunteers. Such a policy should specify both the type of expenses the charity is prepared to repay (for example, for materials purchased for the use on a charitable activity or for reasonable accommodation if the volunteer is travelling on the charity's business) and appropriate procedures to document the volunteers' payments, such as submitting credit-card slips. With such a policy in place, the charity can demonstrate that it is controlling the use of its resources for charitable purposes.

For details, read the CRA policy [on out of pocket expenses](#) and [volunteer expenses](#).

## **S7. One of our donors would like to make a donation and receive advertising or sponsorship status in return. Can our charity do this and, if so, how should we make out the receipt?**

**S7. One of our donors would like to make a donation and receive advertising or sponsorship status in return. Can our charity do this and, if so, how should we make out the receipt?**

### **Short answer**

Generally no, but there's more that you should know. Sponsorship is not considered a gift, since the sponsor receives an economic benefit. Note, however, that a corporation may choose to support the same event or the same organization through both a sponsorship and a charitable gift. Where it does so, the charitable receipt must acknowledge only the amount of the gift. Since businesses receive a deduction rather than a credit for charitable gifts, the tax treatment is the same whether the business gives the funding in exchange for advertising or purely as a donation.

### **Long answer**

Distinguishing between gifts and sponsorships can be difficult. If a business receives a nominal level of recognition, and is essentially treated the same as other donors, a receipt may be issued for the full amount of the donation. Exceptional treatment, or heightened recognition above other donors, however, can constitute advertising, which is seen as an **advantage**.

A contribution can be considered to be both a sponsorship and a donation if

- the **fair market value** of the advantage (often advertising) can be established and
- the amount contributed exceeds the fair market value of that advantage.

In this circumstance, a charitable receipt may be given for that portion that exceeds the fair market value.

If the advantage outweighs the value of the gift, a receipt is not appropriate.

In most cases, it is a challenge to establish the fair market value of advertising or sponsorship. Putting a value on something as hard to define as advertising requires professional help. Some professionals have developed methods for valuing such things as a banner, a print ad, and a website ad. It's best to use an expert in these matters given the consequences of an inaccurate valuation and the CRA's concern with a valuator's qualifications. The CRA recommends using an independent valuator when the estimated value of the transaction is greater than \$1000.

Even without a charitable receipt, a business contributor may still enjoy the advantageous tax treatment of advertising or sponsorship. Corporations can deduct advertising expenses against their income. If a business makes a payment to a charity partly for business reasons and partly for philanthropic reasons, it is entitled to deduct both parts of the contribution from its expenses – although one portion as advertising or promotional expenses and the other portion as charitable expenses. Make sure when approaching businesses that you discuss with them both a contribution in the form of a sponsorship and a contribution in the form of a gift.

For more information see also: [The tax aspects of corporate sponsorships](#) by Adam Aptowitz

**S8. Can we take up a collection and raffle the receipt? A group of 20 people from work will each contribute \$20 toward a \$400 donation to charity. We would like to raffle a receipt for \$400. Can we do this?**

**S8. Can we take up a collection and raffle the receipt? A group of 20 people from work will each contribute \$20 toward a \$400 donation to charity. We would like to raffle a receipt for \$400. Can we do this?**

**Short answer**

No. A charitable donation receipt can only be issued to the actual donor.

**Long answer**

In this case, each of the 20 donors has contributed \$20. To issue a receipt, the charity must be able to identify the actual donor or donors. If a lump sum is donated without detailed donor information, the charity may not be able to issue any receipt.

## **S9. Our charity received a donation of a \$100 gift certificate from an aesthetician for a facial. How much should the receipt be for?**

**S9. Our charity received a donation of a \$100 gift certificate from an aesthetician for a facial. How much should the receipt be for?**

### **Short answer**

**Zero.** Your charity cannot issue an official donation receipt because there is no transfer of property. The gift certificate is for services and services are not property.

See: CRA Policy on [Donation of Gift Certificates or Gift Cards](#)

## **S10. Our charity received a donation of a \$100 gift certificate from someone who purchased the gift certificate from an aesthetician. Can we issue an official donation receipt and for how much?**

**S10. Our charity received a donation of a \$100 gift certificate from someone who purchased the gift certificate from an aesthetician. Can we issue an official donation receipt and for how much?**

### **Short answer**

Yes, an official donation tax receipt can be issued for \$100, the fair market value of the gift certificate.

### **Long answer**

A gift certificate that was bought from the person who created the gift certificate is considered property. When the purchaser donated the certificate to your charity, there is a transfer of property. An official donation receipt can be issued.

See: CRA Policy on [Donation of Gift Certificates or Gift Cards](#)

## **S11. Can official donation receipts be issued for publicly traded shares or stock options?**

### **S11. Can official donation receipts be issued for publicly traded shares or stock options?**

#### **Short answer**

It depends who the donor is.

- Yes, if a person who has acquired the shares or stock options donates them to a charity. The charity may issue an official donation receipt for the fair market value of the gift.
- No, if the corporation who issued them donates the shares or stock options.

#### **Long answer**

For purposes of the Income Tax Act, in order to make a gift, there must be an actual transfer of property. Where a corporation issues shares of its capital stock or grants a stock option, there is no transfer of property by the corporation, as the corporate assets have not been reduced as a result. Therefore, there is no “gift.” As a result, the charity should not issue a receipt even though the shares or options will normally have value.

Shares or other types of rights to stock that are not traded on a public Canadian stock exchange are generally excluded from the Income Tax Act provisions that permit receipting of donations of shares or rights to stock.

## **S12. Our charity received a donation of a life insurance policy. How should the receipt be issued?|**

### **S12. Our charity received a donation of a life insurance policy. How should the receipt be issued?**

#### **Short answer**

It depends on whether the life insurance policy was donated after or before death.

## Long answer

**Donated after death.** For receipting purposes, the proceeds bequeathed represent the fair market value of the gift. So, a receipt for the value of the proceeds of the insurance policy can be issued.

**Donated before death.** When the taxpayer assigns his or her life insurance policy to a registered charity and the registered charity becomes the beneficiary, this is a transfer of property. A donation receipt can be issued. The amount of the donation is equal to the cash surrender value of the policy at the time of transfer plus any accumulated dividends and interest assigned at that time. If the policy has no cash surrender value, it is not considered a gift and the transfer cannot be receipted for tax purposes.

If the policy is not fully paid, the premiums have to be paid by the donor directly to the insurance company or a gift of an amount of money is made to the registered charity to provide for the payment of the premiums.

The future payment of premiums can constitute a gift and receipts can be issued.

## Note

In an arrangement is where the charity pays the premiums out of a gift of money made by the donor, these payments constitute fundraising costs.

## More...

For more information, see [Income Tax Interpretation Bulletin IT-244R3](#) Gifts by individuals of life insurance policies as charitable donations.

# S13. Our registered charity received a donation in the form of an RRSP death benefit. How should we issue the receipt?

**S13. Our registered charity received a donation in the form of an RRSP death benefit. How should we issue the receipt?**

## Short answer

The proceeds of an RRSP death benefit may be bequeathed to the charity upon the death of the donor. For receipting purposes, the proceeds bequeathed represent the fair market value of the gift. A receipt may be issued for the fair market value.

### Long answer

The annual contributions paid by the taxpayer until his or her death do not constitute charitable donations.

## **S14. Our registered charity received a donation of an artist's painting. How do we determine the amount for the official donation receipt?**

**S14. Our registered charity received a donation of an artist's painting. How do we determine the amount for the official donation receipt?**

### Short answer

The amount of the official donation receipt is the fair market value set by the artist.

### Long answer

When an artist creates a work of art intending to sell it, but instead donates it to a qualified donee, the gift is considered to be a disposition of property from the artist's inventory (that is, not capital property).

An artist can set the value of a gift from his or her inventory at any amount between the artist's cost of time and materials and the work's fair market value, provided that its fair market value is greater than its cost. If, at the time of the donation, the fair market value is less than the cost amount, the receipt must still equal the fair market value of the donated property as set by the artist.

As in the case of business inventory, the artist who donated the painting will have

- an income of the value set by him or her and
- a tax receipt for donation of the same amount.

An artist's donation may also be a work of cultural property (see [FAQ D18](#)).

To be sure, the charity should seek professional advice.

# Who is the Donor?

## Issuing Receipts in Specific Situations - Who is the Donor?

S18. Our charity received an anonymous gift. Since we do not have a name and address, do we have to issue a tax receipt? If we have to issue a tax receipt for the donation, how should we do it?

S19. Our charity received a donation by way of cheque written on an account held jointly by spouses. To whom do we make out the receipt?

S20. Our charity received a donation via cheque written on an account held by a corporation. The individual who owns the corporation wants the official donation receipt made out in his name. Can we do this?

S21. Our charity received a donation from an individual who says that she is the trustee for another individual and she wants the official donation receipt to be made out in the name of that other individual. Can we do this?

**S18. Our charity received an anonymous gift. Since we do not have a name and address, do we have to issue a tax receipt? If we have to issue a tax receipt for the donation, how should we do it?**

**S18. Our charity received an anonymous gift. Since we do not have a name and address, do we have to issue a tax receipt? If we have to issue a tax receipt for the donation, how should we do it?**

### Short answer

No. Your charity is not required to issue official donation receipts for all donations.

### Long answer

Paragraph 3501(1)(g) of the *Income Tax Regulations* requires that an official donation receipt show the name and address of the donor (and for an individual, his or her first name and initial).



But the Canada Revenue Agency has made an administrative decision to allow registered charities to issue official donation receipts for anonymous gifts if these procedures are followed:

- the donor establishes an agency or trust agreement to make the anonymous gift
- the donor appoints an agent for the purpose of making a gift on his or her behalf
- the agent agrees to hold the funds in trust for the donor
- the donor directs the agent to make a gift to a registered charity on the donor's behalf
- the agent agrees to direct the registered charity to issue a receipt in the amount of the gift in the name of the agent in trust  
and
- the agent agrees to deliver the receipt to the donor for the purpose of establishing the details of the donation

## **S19. Our charity received a donation by way of cheque written on an account held jointly by spouses. To whom do we make out the receipt?**

**S19. Our charity received a donation by way of cheque written on an account held jointly by spouses. To whom do we make out the receipt?**

### **Short answer**

The charity can issue a tax receipt in either or both names of the spouses, regardless of how the cheque is endorsed, when a charitable donation is provided by cheque written on a joint account.

### **Long answer**

If the donor specifies the name of the spouse to appear on the receipt, then the receipt should be issued as instructed.

**S20. Our charity received a donation via cheque written on an account held by a corporation. The individual who owns the corporation wants the official donation receipt made out in his name. Can we do this?**

**S20. Our charity received a donation via cheque written on an account held by a corporation. The individual who owns the corporation wants the official donation receipt made out in his name. Can we do this?**

**Short answer**

No. Where a registered charity receives a cheque from a corporation, the charity must not issue the receipt to the individual who owns the corporation.

**Long answer**

The charity may only issue a receipt to an individual if there is evidence to show that the individual is the true donor. The donation would be, therefore,

- from that individual's personal chequing account
- or
- from a corporation in the name or on behalf of the individual.

In the second condition, the corporation should be able to show that the donation came from the shareholder's account.

**S21. Our charity received a donation from an individual who says that she is the trustee for another individual and she wants the official donation receipt to be made out in the name of that other individual. Can we do this?**

**S21. Our charity received a donation from an individual who says that she is the trustee for another individual and she wants the official donation receipt to be made out in the name of that other individual. Can we do this?**

**Short answer**

Yes, you can issue the receipt as long as you are sure that the donation is the property of the donor.

**Long answer**

An individual **can** act as trustee or agent for another in making a gift to a registered charity. The registered charity must be reasonably sure that the name it records on the receipt is that of the **true** donor. When in doubt, the charity should request from the trustee a written declaration of the identity of the true donor.

# Fundraising Context

## Issuing Receipts in Specific Situations - Fundraising Context

S28. If our registered charity has a fundraising event where door prizes are included with tickets, can we issue official donation receipts? If so, for how much?

S29. If our registered charity has a fundraising event where tickets are sold at a price higher than the fair market value of a similar event, can we issue receipts? If so, for how much?

S30. Will the attendance of a celebrity at our fundraising event affect the donation amount on the tax receipts?

S31. Our registered charity sold lottery tickets. Can we issue donation receipts for the ticket and if so, for how much?

S32. Is the amount paid for a raffle ticket a “gift” and, if so, what is the amount on the receipt?

S33. Can property donated for sale at an auction be considered a gift?

S34. Can a successful bidder at an auction receive a tax receipt for donation for the amount in excess of the fair market value that he or she pays?

S36. Can an individual who purchases a service at an auction be entitled to a donation receipt for the amount paid that is more than the value of the service received?

S37. A business bought a block of tickets for our golf tournament with money collected from its employees. Should we issue the tax receipt in the name of the golfers who use the tickets or in the name of the business?

S38. Can a receipt be issued to participants in a fundraising golf tournament?

S39. An organization that is not a registered charity asked to use our registered charity registration number for their fundraising event. Can we do this?

## **S28. If our registered charity has a fundraising event where door prizes are included with tickets, can we issue official donation receipts? If so, for how much?**

**S28. If our registered charity has a fundraising event where door prizes are included with tickets, can we issue official donation receipts? If so, for how much?**

### **Short answer**

It depends.

To find out the amount of the official donation receipt, if any, your charity must

- determine if there was an advantage

If yes,

- ensure that the advantage does not exceed the intention to make a gift threshold
- determine whether the advantage exceeds the de minimis threshold
- subtract the fair market value of the advantage from the fair market value of the donation

### **Example**

A registered charity holds a fundraiser golf tournament and sells 100 tickets.

- Essential elements:

Ticket price	\$300
Green fees	\$75
Cart rental	&nbsp;\$25
Food and beverage	\$50
Door prize total value	\$3,500 \$35 average per participant

- What is the fair market value of the donation? \$300.00
- Is there an advantage? Yes, door prizes, golf balls, green fees, the cart rental, and the food and beverages
- At first glance, what is the fair market value of the advantage?
  - door prizes, averaging \$35 per participant
  - green fees, cart rental, food and beverage valued at \$150

- Are the prizes and complementary items *de minimis*? Should they therefore be excluded in the calculation of the advantage?
- Door prizes: \$35 per person
- Total advantage for the purposes of *de minimis* rule = \$35
- Total property transferred is \$300 (ticket price): *de minimis* threshold is the lesser of 10 per cent of \$300 (\$30) or \$75, so it is \$30
- \$35 advantage exceeds \$30 *de minimis* threshold
- The door prizes are not *de minimis* and the amount must be included as an advantage
- Items that are part of the purpose of the event, in this case the green fees, the cart rental, and the food and beverages are not included in the *de minimis* calculation.
- But does it meet the intention to make a gift threshold? Yes.
  - Does the amount of the advantage received by the donor exceed 80 per cent of fair market value of total property transferred?
  - Total property transferred = \$300 ticket price
  - Intent to give threshold = \$300 x 80% = \$240
  - Amount of advantage =
    - \$150 (green fees, cart rental, food and beverage)
    - +\$35 (prizes)
    - \$185 (total advantage)
- An official donation receipt can be issued with an eligible amount of \$115

\$300 (fair market value of donation)  
 - \$185 (fair market value of advantages)  
 \$115 (eligible amount)

For more detail on golf tournaments, see

- [CRA Newsletter #23, June 2003](#)
- [The Charities File - Information Sheet #13](#)

## **S29. If our registered charity has a fundraising event where tickets are sold at a price higher than the fair market value of a similar event, can we issue receipts? If so, for how much?**

**S29. If our registered charity has a fundraising event where tickets are sold at a price higher than the fair market value of a similar event, can we issue receipts? If so, for how much?**

### **Short answer**

Maybe. If there is clear evidence that the ticket price is sufficiently in excess of the usual or comparable ticket price, this means that there may be an eligible amount for donation. To determine the eligible amount for an official donation receipt, your charity has to apply the intention to make a gift threshold and the de minimis threshold for the advantage received. If the amount of the advantage is not de minimis—that is, more than the guideline—and is less than 80 per cent of the actual ticket price, you may issue an official donation receipt for the difference. The example illustrates the calculation.

If there is no reasonably comparable event, then no part of the ticket price can be considered as an eligible amount for donation.

### **Example**

- Tickets are sold for \$200 each to a fundraising concert featuring a well-known performer;
- Each participant receives a T-shirt that normally sells for \$20 and a CD that retails at \$15;
- The same performer had put on a similar (and non-fundraising) concert six months earlier and the ticket price was \$100;

### **Calculations**

The total value of the complementary items is \$35. Since \$35 exceeds the lesser of 10 per cent of \$200 (\$20) and \$75, it is not de minimis. Accordingly, the complementary items are regarded as an advantage and must be taken into account in determining the eligible amount for donation.

- Actual ticket price \$200 less comparable non-charity ticket price of \$100 and advantage of \$35 ( $\$200 - \$135$ ) brings the eligible amount for a receipt to \$65.
- Since the amount of the advantage (\$135) does not exceed 80 per cent of the actual ticket price ( $80\% \times 200 = \$160$ ), a tax receipt for the donation may be issued for \$65.

## **S30. Will the attendance of a celebrity at our fundraising event affect the donation amount on the tax receipts?**

**S30. Will the attendance of a celebrity at our fundraising event affect the donation amount on the tax receipts?**

### **Short answer**

No. The mere attendance of celebrities at fundraising events is *not* viewed as an advantage. So it will not be included in the calculation of the amount on your official donation receipt.

### **Long answer**

While the mere attendance of a celebrity at an event does not change how the event should be receipted, where an additional incremental amount is paid for the right to participate in an activity with a particular individual, this payment is *not* treated as a gift. For example, at a golf tournament, if a supporter pays extra so he or she can play a round with a well-known sports figure, that is an advantage that must be taken into account in any official donation receipt provided to the supporter. If the celebrity is merely attending the event along with the supporter, this will not have an impact on the amount of the supporter's official donation receipt.

## **S31. Our registered charity sold lottery tickets. Can we issue donation receipts for the ticket and if so, for how much?**

**S31. Our registered charity sold lottery tickets. Can we issue donation receipts for the ticket and if so, for how much?**

### **Short answer**

No. A gift requires an intention to make a gift.

### **Long answer**

Participants in lotteries, while perhaps influenced by the identity of your charity, are mainly motivated by the chance to win prizes. In some cases, while there may be an element of an intention to make a gift,



the advantage cannot be reasonably quantified. Therefore, no part of the cost of a lottery or raffle ticket is a gift that may be receipted for income tax purposes.

## **S32. Is the amount paid for a raffle ticket a gift and, if so, what is the amount on the receipt?**

**S32. Is the amount paid for a raffle ticket a gift and, if so, what is the amount on the receipt?**

### **Short answer**

It depends.

### **Long answer**

If participation in the raffle is included in the participation fee of a fundraising event such as a banquet, the prizes will be treated as door prizes and the value of the various prizes to be won **is included** in determining the amount of the advantage.

Where the raffle is conducted separately, the cost of raffle tickets is **not** considered a gift (as it is essentially a lottery) and the value of the various prizes is **not** taken into account in determining the amount of the advantage.

## **S33. Can property donated for sale at an auction be considered a gift?**

**S33. Can property donated for sale at an auction be considered a gift?**

### **Short answer**

Yes. In order for there to be a gift for the purposes of the Income Tax Act, there must be a voluntary transfer of property to the charity. How a charity uses donated property is generally not relevant in determining whether the donor has made a gift to the charity.

## S34. Can a successful bidder at an auction receive a tax receipt for donation for the amount in excess of the fair market value that he or she pays?

S34. Can a successful bidder at an auction receive a tax receipt for donation for the amount in excess of the fair market value that he or she pays?

### Short answer

Yes. As long as these requirements are met:

- the value of the item can be determined and
- the value was posted **before** the start of the auction
- the value of the advantage **does not** exceed the intention to make a gift threshold, that is, 80 per cent of the price paid
- the value of the advantage **does** exceed the *de minimis* threshold

### Example

A sports store donates a mountain bike to a charity and that charity puts it up for auction. The fair market value of the bike is \$400 and this amount is posted with the item. There is a successful bid of \$600.

To determine the amount of the official donation receipt

Bid price \$600

There is an advantage, that is, the value of the bike for \$400 (\$400)

Yes, it meets the intention to make a gift threshold:

80 per cent of the bid price, which is \$480

**The value of the advantage is less than 80 per cent of the bid price**

Yes, it meets the *de minimis* threshold, that is 10 per cent of the bid price or \$75, whichever is less

The threshold is \$60 (10 per cent of \$600).

**The value of the advantage exceeds the *de minimis* threshold**

Excess of the bid price over the value of the advantage (the bike) \$200

An official donation receipt can be issued for \$200.

The sports store donating the bike will be entitled to receive a tax receipt for \$400. If this represents a gift on the part of the retailer, the retailer will have revenue of \$400 pursuant to section 69 and a donation deduction of \$400. If the bike cost the retailer \$250, the result would be a profit of \$150 for tax purposes.

### **Exception**

The Canada Revenue Agency has indicated that, with respect to certain personal items such as the jersey of a hockey player or the right to play golf or dine with a particular person, the value will be the amount of the bid. No donation tax receipt is, therefore, to be issued.

## **S36. Can an individual who purchases a service at an auction be entitled to a donation receipt for the amount paid that is more than the value of the service received?**

**S36. Can an individual who purchases a service at an auction be entitled to a donation receipt for the amount paid that is more than the value of the service received?**

### **Short answer**

Yes. Where the service has a clearly established fair market value that has been identified to all bidders at the auction **before** the opening bid, an official donation receipt can be issued to the purchaser of the service for the “eligible amount” where there is an intention to make a gift.

### **Long answer**

The eligible amount is the difference between the amount paid (bid amount) and the amount of advantage received (that is, the value of the service). For example, if an individual successfully bid \$40 for a haircut valued at \$25, the eligible amount would be \$15.

## **S37. A business bought a block of tickets for our golf tournament with money collected from its employees. Should we issue the tax receipt in the name of the golfers who use the tickets or in the name of the business?**

**S37. A business bought a block of tickets for our golf tournament with money collected from its employees. Should we issue the tax receipt in the name of the golfers who use the tickets or in the name of the business?**

### **Short answer**

The charity should always issue a receipt in the name of whomever buys or paid for the tickets. The receipt cannot be issued in the name of the business since the employees paid for the tickets.

### **Long answer**

If the business provides the charity with the list of golfers who paid for the tickets, the charity can issue a receipt in the name of each golfer.

## **S38. Can a receipt be issued to participants in a fundraising golf tournament?**

**S38. Can a receipt be issued to participants in a fundraising golf tournament?**

### **Short answer**

Yes, if the price of the ticket to participate in the golf tournament is more than the cost of playing. The amount on the tax receipt is based on the value of the advantage and the *de minimis* threshold.

### **Long answer**

Calculation of the amount of receipts for an event such as a golf tournament can be complex, and charities undertaking this type of fundraising should familiarize themselves with the factors that can have an impact on the amount of the receipt.

For more information on this topic, see [FAQ S28](#) and

- [CRA Newsletter #23, June 2003](#)
- [Income Tax Technical News No. 26](#) gives information about determining the value of the various components that may be present at a fundraising golf tournament
- [The Charities File - Information Sheet #13](#)

## **S39. An organization that is not a registered charity asked to use our registered charity registration number for their fundraising event. Can we do this?**

**S39. An organization that is not a registered charity asked to use our registered charity registration number for their fundraising event. Can we do this?**

### **Short answer**

No. Under no circumstances should a registered charity lend its registration number to another organization for receipting purposes. You—the registered charity—are responsible for all tax receipts issued under your name and number and must account for the corresponding donations on your annual information return. If you lend your registration number, you could lose your charitable registration.

Source: <http://www.charitycentral.ca/book/export/html/78>